

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2011**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ **to** _____
COMMISSION FILE NO. 001-10308

AVIS BUDGET GROUP, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

06-0918165
(I.R.S. Employer
Identification Number)

6 SYLVAN WAY
PARSIPPANY, NJ
(Address of principal executive offices)

07054
(Zip Code)

973-496-4700

(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS
Common Stock, Par Value \$.01

NAME OF EACH EXCHANGE
ON WHICH REGISTERED
The NASDAQ Global Select Market

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2011, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$1,774,858,793 based on the closing price of its common stock on the NASDAQ Global Select Market. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

As of January 31, 2012, the number of shares outstanding of the registrant's common stock was 105,497,065.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be mailed to stockholders in connection with the Registrant's annual stockholders' meeting scheduled to be held on June 11, 2012 (the "Annual Proxy Statement") are incorporated by reference into Part III hereof.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K may be considered “forward-looking statements” as that term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained herein are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by any such forward-looking statements. Forward-looking statements include information concerning our future financial performance, business strategy, projected plans and objectives. These statements may be identified by the fact that they do not relate to historical or current facts and may use words such as “believes,” “expects,” “anticipates,” “will,” “should,” “could,” “may,” “would,” “intends,” “projects,” “estimates,” “plans,” and similar words, expressions or phrases. The following important factors and assumptions could affect our future results and could cause actual results to differ materially from those expressed in such forward-looking statements:

- the high level of competition in the vehicle rental industry and the impact such competition may have on pricing and rental volume;
- an increase in our fleet costs as a result of an increase in the cost of new vehicles, disruption in the supply of new vehicles, and/or a decrease in the price at which we dispose of used vehicles either in the used vehicle market or under repurchase or guaranteed depreciation programs;
- risks related to our acquisition of Avis Europe plc (“Avis Europe”), including our ability to realize the synergies contemplated by the transaction and our ability to promptly and effectively integrate the businesses of Avis Europe and Avis Budget Group;
- the results of operations or financial condition of the manufacturers of our cars, which could impact their ability to perform their payment obligations under the agreements we have with them, including repurchase and/or guaranteed depreciation arrangements, and/or their willingness or ability to make cars available to us or the rental car industry as a whole on commercially reasonable terms or at all;
- any reduction in travel demand, including any reduction in airline passenger traffic;
- any weakness in economic conditions generally, particularly during our peak season or in key market segments;
- our ability to continue to achieve and maintain cost savings and successfully implement our business strategies;
- our ability to obtain financing for our operations, including the funding of our vehicle fleet via the asset-backed securities and lending market consistent with current costs, and the financial condition of financial-guaranty firms that have insured a portion of our outstanding vehicle-backed debt;
- an occurrence or threat of terrorism, pandemic disease, natural disasters or military conflict in the locations in which we operate;
- our dependence on third-party distribution channels, third-party suppliers of other services and co-marketing arrangements with third parties;
- our ability to utilize derivative instruments, and the impact of derivative instruments we currently utilize, which can be affected by fluctuations in interest rates, gasoline prices and exchange rates, changes in government regulations and other factors;
- our ability to accurately estimate our future results;
- a major disruption in our communication networks or information systems;
- our exposure to uninsured claims in excess of historical levels;
- our failure or inability to comply with laws, regulations or contractual obligations or any changes in laws, regulations or contractual obligations, including with respect to personally identifiable information;

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- any impact on us from the actions of our licensees, dealers and independent contractors;
- substantial increases in the cost, or decreases in the supply, of fuel, vehicle parts, energy, labor or other resources on which we depend to operate our business;
- risks related to our ability to meet our funding needs and our indebtedness, including our substantial outstanding debt obligations and our ability to incur substantially more debt;
- our ability to meet the financial and other covenants contained in the agreements governing our indebtedness;
- the terms of agreements among us and our former real estate, hospitality and travel distribution businesses following the separation of those businesses from us in 2006, particularly with respect to the allocation of assets and liabilities, including contingent liabilities and guarantees, the ability of each of the separated companies to perform its obligations, including indemnification obligations, under these agreements, and the former real estate business' right to control the process for resolving disputes related to contingent liabilities and assets;
- risks associated with litigation involving our Company;
- risks related to tax obligations and the effect of future changes in accounting standards;
- risks related to future acquisitions or investments that we may pursue, including any incurrence of incremental indebtedness to help fund such transactions and our ability to promptly and effectively integrate any acquired businesses; and
- other business, economic, competitive, governmental, regulatory, political or technological factors affecting our operations, pricing or services.

We operate in a continuously changing business environment and new risk factors emerge from time to time. New risk factors, factors beyond our control, or changes in the impact of identified risk factors may cause actual results to differ materially from those set forth in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. Moreover, we do not assume responsibility for the accuracy and completeness of those statements. The discussion and analysis contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" set forth in Item 7, in "Risk Factors" set forth in Item 1A and other portions of this Annual Report on Form 10-K may contain forward-looking statements and involve uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Such statements are based upon assumptions and known risks and uncertainties. Although we believe that our assumptions are reasonable, any or all of our forward-looking statements may prove to be inaccurate and we can make no guarantees about our future performance. Should unknown risks or uncertainties materialize or underlying assumptions prove inaccurate, actual results could materially differ from past results and/or those anticipated, estimated or projected. Except to the extent of our obligations under the federal securities laws, we undertake no obligation to release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

PART I

ITEM 1. BUSINESS

Except as expressly indicated or unless the context otherwise requires, the “Company,” “Avis Budget,” “we,” “our” or “us” means Avis Budget Group, Inc. and its subsidiaries, and “Avis Budget Car Rental” or “ABCR” means Avis Budget Car Rental, LLC and its subsidiaries, which are the companies that comprise our vehicle rental operations. “Avis” and “Budget” refer to our Avis and Budget operations, respectively, and do not include the operations of our licensees, as further discussed below.

OVERVIEW

We operate two of the most recognized brands in the global vehicle rental industry through Avis and Budget. Avis is a leading rental car supplier positioned to serve the premium commercial and leisure segments of the travel industry and Budget is a leading rental car supplier focused primarily on more value-conscious segments of the industry. We are a leading vehicle rental operator in North America, Europe, Australia, New Zealand, and certain other regions we serve. We and our licensees operate the Avis and Budget brands in approximately 175 countries throughout the world. We generally maintain a leading share of airport car rental revenue in North America, Europe, Australia and New Zealand, and we operate one of the leading truck rental businesses in the United States.

Our car rental business enjoys significant benefits from operating two distinct brands that target different industry segments but share the same fleet, maintenance facilities, systems, technology and administrative infrastructure. We believe that Avis and Budget both enjoy complementary demand patterns with mid-week commercial demand balanced by weekend leisure demand. In 2011, we generated total revenues of \$5,900 million. The Avis, Budget and Budget Truck brands accounted for approximately 64%, 30% and 6% of our revenue, respectively, in 2011. In October 2011 we expanded our international operations with the acquisition of Avis Europe plc (the “Avis Europe Acquisition”), making Avis Budget Group one of the largest vehicle rental companies in the world, and reuniting each of our Avis and Budget brands globally under a single company.

On average, our rental fleet totaled more than 393,000 vehicles and we completed more than 24 million vehicle rental transactions worldwide in 2011. In 2011, we derived approximately 74% of our \$4.3 billion in total car rental time and mileage revenue from on-airport locations and approximately 26% of our time and mileage revenue from off-airport locations, which we refer to as our local market business. We also license the use of the Avis and Budget trademarks to licensees in areas in which we do not operate directly. Our brands have an extended global reach with approximately 10,000 car and truck rental locations throughout the world, including approximately 5,000 car rental locations operated by our licensees. We rent our fleet of approximately 26,000 Budget trucks through a network of approximately 1,850 dealer-operated and 300 Company-operated locations throughout the continental United States.

SEGMENT INFORMATION

We categorize our operations in three reporting segments: North America, consisting of our Avis and Budget car rental operations in the United States and our Avis and Budget vehicle rental operations in Canada; International, consisting of our Avis and Budget vehicle rental operations in Europe, the Middle East, Asia, Africa, South America, central America, the Caribbean, Australia and New Zealand; and Truck Rental, consisting of our Budget truck rental operations in the United States. We revised our reporting segments following the Avis Europe Acquisition and for all periods presented below the reporting segments have been realigned and presented to conform with the current structure. Disclosure concerning our International segment includes operational and financial results of Avis Europe since October 2011. In 2011:

- *North America.* Our North America segment generated approximately 82 million rental days and average time and mileage revenue per day of \$41.23 with an average rental fleet of approximately 311,000 vehicles;

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- *International.* Our International segment generated approximately 14 million rental days and average time and mileage revenue per day of \$49.31 with an average rental fleet of approximately 56,000 vehicles; and
- *Truck rental.* Our Truck Rental segment generated approximately 4 million rental days and average time and mileage revenue per day of \$71.15 with an average rental fleet of approximately 26,000 trucks.

In 2011, our rental day volumes increased as travel demand rebounded from the 2008-09 recession, and our earnings increased substantially. We continued to realize substantial benefits from our cost-reduction efforts, including our Performance Excellence process improvement initiative to reduce expenses. We have achieved cost savings in numerous ways, including through:

- Implementation of process improvements impacting virtually all areas of our business;
- Reductions in operating and selling, general and administrative expenses, including significant reductions in staff, many of which were trimmed from fixed and semi-fixed overhead;
- A review of location, segment and customer profitability to identify and respond appropriately to unprofitable aspects of our businesses, which positively impacted our profit per transaction and our overall profitability but negatively impacted volume;
- Targeted price increases and changes to our sales, marketing and affinity programs in order to improve revenue per day and overall profitability;
- Reductions in fleet costs and further consolidation of purchasing programs;
- Further consolidation of customer-facing and back-office functions and locations across our operations; and
- Reduction in costs, primarily general and administrative expenses, as we begin to integrate the operations of Avis Europe.

In 2011, we not only completed more than 24 million vehicle rental transactions worldwide, but also made significant progress toward our strategic objectives. We retained approximately 99% of our commercial contracts and maintained, expanded or entered into marketing alliances with key marketing partners. In 2011, Avis was named the leading car rental company in customer loyalty by the Brand Keys Customer Loyalty Engagement Index for the 12th consecutive year. Avis was also named North America's Leading Car Hire for the sixth consecutive year by the World Travel Awards. We maintained consistently high levels of customer satisfaction, as measured by 750,000 responses to post-transaction surveys completed by our customers in 2011. We also continued our long-standing tradition of being an innovator in the car rental industry, piloting "virtual" rental transactions at unstaffed locations on corporate campuses through our "On Location[®]" program and offering portable satellite radio rentals. In 2011, as a result of our continued focus on such upgrades and sales of ancillary products and services, we again increased the revenues per rental day that we generate from car class upgrades, *where2* GPS navigation unit rentals, loss damage waivers and insurance products, and other ancillary services.

In 2011, we maintained a diverse car rental fleet, in which no vehicle manufacturer represented more than 25% of our 2011 fleet purchases, and we continued to adjust our fleet levels to be consistent with demand. We continue to utilize sophisticated yield-management technology to optimize our pricing and fleet planning, and we continue to analyze and streamline our operations to gain efficiencies. In addition, our approximately 28,000 employees worldwide continue to provide reliable, high-quality vehicle rental services that foster customer satisfaction and customer loyalty.

MARKET CONDITIONS AND OUTLOOK

For 2012, our objective is to focus on growing our business profitably, strengthening our position as a leading global provider of vehicle rental services and maintaining and enhancing efficiencies achieved through process improvement and other actions. We will also seek to gain efficiencies, strengthen our brands and reduce costs

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through effective integration and management of our recently acquired operations in Europe and Asia. We expect to achieve our goals by focusing our efforts on the following core strategic initiatives:

- *Optimizing Our Two-Brand Strategy.* We plan to continue to position our two distinct and well-recognized brands to focus on different segments of customer demand. With Avis as a premium brand preferred more by corporate and upscale leisure travelers, and Budget as a mid-tier brand preferred more by value-conscious travelers, we believe we are able to target a broad range of demand, particularly since the two brands share the same operational and administrative infrastructure while providing differentiated though consistently high levels of customer service. We aim to provide products, service and pricing, to use various marketing channels and to maintain marketing affiliations and corporate account contracts which complement each brand's positioning. In 2012, we plan to continue to invest in our brands through a variety of efforts, including television commercials, print advertisements and on-line and off-line marketing. We see particular growth opportunities in Europe for Budget, as Budget's share of airport car rentals is significantly smaller in Europe than in other parts of the world.
- *Expanding Our Revenue Sources.* We plan to continue to focus on promoting car class upgrades, adjusting our mix of vehicles to match customer demand, growing our rentals to small-business and international travelers and expanding our ancillary revenues derived from offering additional products and services to on- and off-airport customers. Opportunities for ancillary revenue growth include adding sales of insurance coverages, damage waivers and other ancillary products and services, such as electronic toll collection services, satellite radio and our *where2* GPS navigation product, to the rental transactions of an increasing percentage of our renters. We also look to increase the proportion of transactions in which customers prepay us for their vehicle rentals.
- *Capturing Incremental Profit Opportunities.* We plan to continue our focus on yield management and pricing optimization and seek to increase the time and mileage rental fees we earn per rental day. We have implemented technology, and will be adding additional systems, that strengthen our yield management and that enable us to tailor our product/price offerings to specific customer segments. We expect to continue to adjust our pricing to bolster profitability and match changes in demand. In addition, we believe the expansion of our revenue sources (as discussed above) should permit us to generate incremental profits from our customer base, while at the same time enhancing our customers' vehicle rental experience. We plan to intensify our efforts to build customer loyalty and reduce customer acquisition costs through our *Customer Led, Service Driven*TM program that is intended to enhance our customers' rental experience.
- *Controlling Costs and Promoting Efficiencies.* We have continued our efforts to rigorously control costs. We have taken aggressive action to reduce expenses throughout the organization since 2008, and we expect to eliminate or reduce significant costs through the integration of Avis Europe. In addition, we continue to develop and implement our Performance Excellence process improvement initiative to increase efficiencies, reduce operating costs and create sustainable cost savings using LEAN, Six Sigma and other tools. This initiative, which we are expanding to cover our recently acquired operations in Europe and Asia, has generated substantial savings since its implementation and should continue to provide benefits in 2012. We have also implemented technology solutions, including self-service voice reservation technology and fleet optimization technologies, to reduce costs, and we will continue to pursue innovative solutions to support our strategic initiatives. We believe such steps will continue to aid our financial performance.
- *Mitigating Risks.* We expect to continue to face challenges, as demand for travel services generally has not yet returned to the levels experienced before the economic recession, and we operate in a highly competitive industry. We seek to mitigate our exposure to risks in numerous ways, including delivering upon the core strategic initiatives described above and through continued optimization of fleet levels to match changes in demand for vehicle rentals, maintenance of liquidity to fund our fleet and our operations, and adjustments in the size, nature and terms of our relationships with vehicle manufacturers.

COMPANY HISTORY

Avis Budget Group, Inc. is a Delaware corporation headquartered in Parsippany, New Jersey, whose operations consist of two of the most recognized brands in the global vehicle rental industry through Avis Budget Car Rental, LLC, the parent of Avis Rent A Car System, LLC, Budget Rent A Car System, Inc. and Budget Truck Rental, LLC. Avis Rent A Car System, LLC and Budget Rent A Car System, Inc. also do business as Avis Car Rental and Budget Car Rental, respectively. Founded in 1946, Avis is believed to be the first company to rent cars from airport locations. Avis expanded its geographic reach throughout the United States through licensed and corporate-owned growth in the 1950s and 1960s. In 1963, Avis introduced its award winning “*We try harder*®” advertising campaign, which is considered one of the top ten advertising campaigns of the 20th century by Advertising Age magazine. Avis possesses a long history of innovation in its business, including the Wizard system, which is a well established and continually updated information-technology system that is the backbone of our operations. Budget was founded in 1958 as a car rental company for the value-conscious vehicle rental customer and grew its business rapidly during the 1960s, expanding its rental car offerings throughout North America and significantly expanding its Budget truck rental business in the 1990s.

We acquired the Avis brand in 1996, Avis’ capital stock in 2001 and the Budget brand and substantially all of the domestic and certain international assets of Budget’s predecessor in 2002. We were created through a merger with HFS Incorporated in 1997 with the resultant corporation being renamed Cendant Corporation (“Cendant”). In 2006, Cendant completed a separation into four separate companies (the “Separation”): Realogy Corporation, Wyndham Worldwide Corporation, Travelport, Inc. and Cendant (now Avis Budget Group, Inc.), and we continue to manage the administration of certain legacy items which remain following the completion of the Separation. In October 2011, we expanded our international operations with the acquisition of Avis Europe, which was previously an independently-owned licensee operating the Avis and Budget brands in Europe, the Middle East and Africa, and the Avis brand in Asia. The Avis Europe Acquisition has re-united the Avis and Budget brands globally under a single company, making Avis Budget Group one of the largest vehicle rental companies in the world. Our common stock currently trades on the NASDAQ Global Select Market under the symbol “CAR.”

CAR RENTAL BUSINESS

Operations—Avis

We operate or license the Avis car rental system (the “Avis System”), which is comprised of approximately 5,200 locations worldwide and represents one of the largest car rental systems in the world. The Avis System encompasses locations at most of the largest airports and cities in the world.

We operate approximately 2,100 Avis car rental locations worldwide, in both the on-airport and local rental markets. In 2011, our Avis operations generated total revenue of approximately \$3.8 billion, of which approximately 78% (or \$3.0 billion) was derived from North American operations. In addition, we license the Avis brand to other independent business owners in approximately 3,100 locations throughout the world. In 2011, approximately 68% of the Avis System total revenue was generated by our locations, including full-year revenue for locations acquired in the Avis Europe Acquisition, and the remainder was generated by locations operated by independent licensees, which generally pay royalty fees to us based on a percentage of applicable revenue.

The table below presents the approximate number of locations that make up the Avis System:

	Avis System Locations		
	North America	International	Total
Company-operated locations	1,200	900	2,100
Licensee locations	300	2,800	3,100
Total Avis System Locations	1,500	3,700	5,200

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In 2011, Avis derived approximately 57% and 43% of its car rental time and mileage revenue from commercial and leisure customers, respectively, and 73% and 27% of its car rental time and mileage revenue from customers renting at airports and locally, respectively. Time and mileage revenue (“T&M”) consists of fees charged to our customers specifically for vehicle rentals.

The Avis brand provides high-quality car rental services at price points generally above non-branded and value-branded national car rental companies. We offer Avis customers a variety of premium services, including:

- Avis Preferred, a counter bypass program, which is available at major airport locations;
- *where2*, a navigation system that features Bluetooth hands-free calling and MP3 playback capability;
- Avis Cool Cars, a line of fun-to-drive vehicles such as the Chevrolet Camaro, Ford Mustang, Infiniti FX35 and Chevrolet Corvette;
- Avis Prestige, a line of luxury performance cars and stylish convertibles offered to our customers in Europe;
- availability of eco-friendly vehicles, including gas/electric hybrid vehicles;
- Roving Rapid Return, wireless technology that permits customers who are returning vehicles to obtain a printed charge record from service agents at the vehicle as it is being returned;
- a 100% smoke-free car rental fleet in North America;
- amenities such as Avis Blast, a portable satellite radio product, and Avis Access, a full range of special products and services for drivers and passengers with disabilities;
- Avis Interactive, a proprietary management tool that allows corporate clients to easily view and analyze their rental activity via the Internet, permitting these clients to better manage their travel budgets and monitor employee compliance with applicable travel policies; and
- Avis First, a customer loyalty program that rewards customers with additional benefits for frequent rentals.

Operations—Budget

We operate or license the Budget vehicle rental system (the “Budget System”), which is comprised of approximately 3,050 car rental locations and represents one of the largest car rental systems in the world. The Budget System encompasses locations at most of the largest airports and cities in the world.

We operate approximately 1,100 Budget car rental locations worldwide. In 2011, our Budget car rental operations generated total revenue of approximately \$1.7 billion, of which 89% (or \$1.5 billion) was derived from North American operations. We also license the Budget System to independent business owners who operate approximately 1,950 locations worldwide. In 2011, approximately 69% of the Budget System total revenue was generated by our locations, including full-year revenue for locations acquired in the Avis Europe Acquisition, with the remainder generated by locations operated by independent licensees, which generally pay royalty fees to us based on a percentage of revenues.

The table below presents the approximate number of locations that make up the Budget System:

	Budget System Locations		
	North America	International	Total
Company-operated locations	850	250	1,100
Licensee locations	400	1,550	1,950
Total Budget System Locations	1,250	1,800	3,050

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In 2011, Budget derived approximately 28% and 72% of its car rental T&M revenue from commercial and leisure customers, respectively, and 77% and 23% of its car rental T&M revenue from customers renting at airports and locally, respectively.

Budget is a leading rental car supplier to the more value-conscious segments of the industry. Budget offers its customers Fastbreak, an expedited rental service for frequent travelers, which operates much like Avis Preferred, as well as *where2* navigation units and Roving Rapid Return, as described above.

Reservations

Customers can make Avis and Budget car rental reservations through our Avis and Budget websites at avis.com and budget.com, through our reservation centers (also referred to as contact centers) at 1-888-777-AVIS and 1-800-BUDGET7, respectively, through online travel portals, travel agents, or through selected partners, including many major airlines. Travel agents can access our reservation systems through all major global distribution systems (GDSs) and can obtain information with respect to rental locations, vehicle availability and applicable rate structures through these systems. In 2011, we generated approximately 31% of our reservations through our Avis and Budget branded websites, 8% through our contact centers, 30% through GDSs, 6% through online travel agencies, 14% through direct-connect technologies and 11% through other sources. We use a voice reservation system which allows customers to conduct certain transactions such as confirmation, cancellation and modification of reservations using self-service interactive voice response technology. We have also developed mobile applications allowing customers to manage their car rental reservations on various mobile devices.

Marketing

Avis and Budget support their premium and value-conscious brand positions through a range of marketing channels and campaigns, including traditional media, such as television, radio and print advertising, as well as Internet and email marketing. Avis focuses its marketing around its industry-leading customer loyalty and its award-winning “We try harder” marketing campaign. Budget builds its marketing around retail advertising, key partnerships and online marketing campaigns, and in 2011 launched a new television advertising campaign.

We maintain strong links to the travel industry. Avis and Budget maintain marketing partnerships with several major airlines, including American Airlines, British Airways, Continental Airlines, Lufthansa, Southwest Airlines and United Airlines. We also offer customers the ability to earn frequent traveler points with most major airlines’ frequent traveler programs, including Air Canada, Air New Zealand and Qantas. Avis and Budget are also affiliated with the frequency programs of major hotel companies, including Hilton Hotels Corporation, Hyatt Corporation, Starwood Hotels and Resorts Worldwide, Inc. and Wyndham Worldwide. In 2011, we signed new agreements with Intercontinental Hotels Group, La Quinta Inns & Suites and MGM Resorts International. These arrangements provide incentives to loyalty program participants and provide us with cooperative marketing opportunities, including call transfer programs and online links with various partners’ websites.

In 2011, approximately 70% of vehicle rental transactions from our owned and operated Avis locations in North America were generated by travelers who rented from Avis under contracts between Avis and the travelers’ employers or through membership in an organization with whom Avis has a contractual affiliation (such as AARP and Costco). Avis also has marketing relationships with organizations such as American Express, MasterCard International and Sears, through which we are able to provide customers of these entities with incentives to rent from Avis. Avis licensees also generally have the option to participate in these affiliations. Avis also sponsors its own loyalty programs.

Additionally, we offer “Unlimited Budget,” a loyalty incentive program for travel agents established over ten years ago, which had approximately 19,000 travel agents actively enrolled as of December 31, 2011. Budget also offers the Budget Small Business Program, a program for small businesses that offers discounted rates, central billing options and rebates to its members. Budget has contractual arrangements with American Express,

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MasterCard International and other organizations, which offer members of these groups incentives to rent from Budget. In connection with its focus on value-conscious customers, Budget primarily relies on retail advertising, including Internet advertising, and on value pricing to drive customers to our Budget website, our call centers and other distribution channels. Budget also offers proprietary marketing programs such as Fastbreak, an expedited rental service for frequent renters to further support its marketing efforts.

Licensing

We have licensees in more than 150 countries throughout the world. Revenue derived from our vehicle rental licensees in 2011 totaled \$70 million. Licensed locations are independently operated by our licensees, and range from large operations at major airport locations and territories encompassing entire countries to relatively small operations in suburban locations. Our licensees maintain separate independently operated fleets. Royalties generated from licensing provide us with a source of high-margin revenue because there are relatively limited additional fixed costs associated with fees paid by licensees to us. Licensed locations represented approximately 61% of our Avis and Budget car rental locations worldwide following the Avis Europe Acquisition. Locations operated by licensees throughout 2011 represented approximately 32% of total revenue generated by the Avis and Budget Systems in 2011. We facilitate one-way car rentals between corporate-owned and licensed locations, which enables us to offer an integrated network of locations to our customers.

We generally enjoy good relationships with our licensees and meet regularly with them at regional, national and international meetings. Our relationships with our licensees are governed by license agreements that grant the licensee the right to operate independently operated Avis or Budget car and/or truck rental businesses in certain territories. Our license agreements generally provide our licensees with the exclusive right to operate in their assigned territory. These agreements impose obligations on the licensee regarding its operations and most agreements restrict the licensee's ability to transfer its license agreement and capital stock. Licensees are generally required to adhere to our system standards for each brand as updated and supplemented by our policy bulletins, brand manuals and service programs.

We maintain the right to monitor the operations of licensees and, when applicable, can declare a licensee to be in default under its license agreement. We can terminate license agreements for certain defaults, including failure to pay royalties and failure to adhere to our operational standards. Under agreements that predate our ownership of Avis or Budget, a limited number of licensees in the United States are also separately licensed to sell used cars under the Avis or Budget brand in certain territories. Our current U.S. license agreements generally provide for a 20-year term and renewal terms, for no additional fee, so long as the licensee is not in default and provided that certain conditions are met. Some of our older U.S. license agreements do not contain a fixed term, or provide for renewal terms for no additional fee so long as the licensee is not in default. Our European license agreements vary based on the country, but typically have an initial term of two to five years and a renewal period of 10 years, often with no additional upfront fee. Upon renewal, the terms and conditions of the license agreement may generally be amended from those contained in the expiring license agreements, while terms in certain older license agreements may limit our ability to do so. The car rental royalty fee payable to us under license agreements is generally 5% to 8% of gross rental revenue but certain licensees of each brand, both in North America and internationally, have license agreements with different royalty fee structures.

Pursuant to their license agreements, some licensees must meet certain minimal requirements relating to the number of rental locations in their licensed territory, the number of vehicles available for rental and the amount of their advertising and promotional expenditures. In general, our license agreements provide that the licensee must not engage in any other vehicle rental business within the licensed territory during the term of such agreement, and, in our North American Budget license agreements, for 12 months thereafter. Upon termination of a license, the licensee is also prohibited from using the Avis or Budget name and related marks in any business. In the United States, these license relationships constitute "franchises" under most federal and state laws regulating the offer and sale of franchises and the relationship of the parties to a franchise agreement.

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Other Revenue

In addition to revenue from vehicle rentals and licensee royalties, we generate revenue from Avis and Budget customers through the sale and/or rental of optional products and services. Our employees offer products to customers that will enhance their rental experience, including collision and loss damage waivers, insurance products such as additional/supplemental liability insurance or personal accident/effects insurance, products for driving convenience such as *where2* GPS navigation units, optional roadside assistance services, fuel service options, electronic toll collection and other ancillary products and services, such as rentals of satellite radio units and child safety seats. In 2011, approximately 4% of our vehicle rental operations revenue was generated by the sale of collision and loss damage waivers, under which we agree to relieve a customer from financial responsibility arising from vehicle damage incurred during the rental period if the customer has not breached the rental agreement. In addition, we receive reimbursement from our customers for certain operating expenses we incur, including gasoline and vehicle licensing fees, as well as airport concession fees, that we pay in exchange for the right to operate at airports and other locations.

Websites

We have strong brand presence on the Internet through our Avis- and Budget-branded websites, as well as third-party websites. Both Avis and Budget have agreements to promote their car rental services with major online travel agencies such as Expedia, Travelocity and Orbitz and have a strong advertising presence on various search engines. Bookings on our Avis- and Budget-branded websites accounted for approximately 31% of Avis' 2011 reservations and 32% of Budget's 2011 reservations.

The Wizard System

We own the Wizard system, our worldwide reservation, rental, data processing and information management system. The Wizard system enables us to process millions of incoming customer inquiries each day, providing our customers with accurate and timely information about our locations, rental rates and vehicle availability, as well as the ability to place or modify reservations. Additionally, the Wizard system is linked to all major travel distribution networks worldwide and provides real-time processing for travel agents, travel industry partners (such as airlines and online travel sites), corporate travel departments and individual consumers through our websites or calls to our contact centers. The Wizard system also provides personal profile information to our reservation and rental agents to help us better serve our customers.

We also use data supplied from the Wizard system and airline reservation systems in certain proprietary information management systems to maintain centralized control of major business processes such as fleet acquisition and logistics, sales to corporate accounts and determination of rental rates. The principal components of the systems we employ include:

- *Fleet planning model.* We have created a comprehensive decision tool to develop fleet plans and schedules for the acquisition and disposition of our fleet, along with fleet age, mix, mileage and cost reports based upon these plans and schedules. This tool allows management to monitor and change fleet volume and composition on a daily basis and to optimize our fleet plan based on estimated business levels and available repurchase and guaranteed depreciation programs. We also use third-party software to further optimize our fleet acquisition, rotation and disposition activities.
- *Yield management.* We have created a yield management system which is designed to enhance profits by providing greater control of vehicle availability and rate availability changes at our rental locations. Our system monitors and forecasts supply and demand to support our efforts to optimize volume and rate at each location. Integrated into this yield management system is a fleet distribution module that takes into consideration the costs as well as the potential benefits associated with distributing vehicles to various rental locations within a geographic area to accommodate rental demand at these locations. The fleet distribution module makes specific recommendations for movement of vehicles between locations.

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- *Pricing decision support system.* Pricing in the vehicle rental industry is highly competitive and complex. To improve our ability to respond to rental rate changes in the marketplace, we have developed sophisticated systems to gather and report competitive industry rental rate changes every day. Our systems, using data from third-party reservation systems as its source of information, automatically scan rate movements and report significant changes to our staff of pricing analysts for evaluation. These systems greatly enhance our ability to gather and respond to rate changes in the marketplace.
- *Business mix model.* We have developed a strategic planning model to evaluate discrete components of our business relative to each other. The model considers revenue and costs to determine the potential margin contribution of each discrete segment. The model develops business mix and fleet optimization recommendations by using data from our financial systems, the Wizard system and the fleet and revenue management systems along with management's objectives and targets.
- *Enterprise data warehouse.* We have developed a sophisticated and comprehensive electronic data storage and retrieval system which retains information related to various aspects of our business. This data warehouse allows us to take advantage of comprehensive management reports, query capability and easy access to data for strategic decision making for both brands.
- *Sales and marketing systems.* We have developed a sophisticated system of online data screens which enables our sales force to analyze key account information of our corporate customers including historical and current rental activity, revenue and booking sources, top renting locations, rate usage categories and customer satisfaction data. We use this information, which is updated weekly and captured on a country-by-country basis, to assess opportunities for revenue growth, profitability and improvement.
- *Interactive adjustments.* We have developed a multi-linked customer data system which allows us to easily retrieve pertinent customer information and make needed adjustments to completed rental transactions online for superior customer service. This data system links with other accounting systems to handle any charge card transaction automatically.
- *Interactive voice response system.* We have developed an automated voice response system that enables the automated processing of customer reservation cancellations, confirmations, identification of rental locations, extension of existing rentals and requests for copies of rental receipts over the phone using speech recognition software.
- *On Location.* We have introduced our "On Location[®]" service to certain of our corporate customers, which enables hourly self-service car rentals at their campus locations. This service consists of a two-way communications device connected to the vehicle's on-board diagnostics system. This device retrieves key vehicle information that integrates with the Wizard system to perform a check-in and check-out of a vehicle in a self-service mode, all via mobile applications.

Fleet

We rent a wide variety of vehicles, including luxury and specialty vehicles. Our fleet consists primarily of vehicles from the current and immediately preceding model year. We maintain a single fleet of vehicles for Avis and Budget in countries where we operate both brands.

We participate in a variety of vehicle purchase programs with major U.S. and foreign vehicle manufacturers. During 2011, approximately 25%, 24% and 18% of the cars acquired for our North American car rental fleet were manufactured by Ford, General Motors and Chrysler, respectively, compared to 24%, 27% and 17%, respectively, in 2010. During 2011, we also purchased vehicles from BMW, Hyundai, Kia, Mazda, Mitsubishi, Nissan, Subaru, Suzuki, Toyota and Volkswagen for our North American fleet. In North America, we have continued to maintain a diverse fleet, with 33% of vehicles acquired for our North American fleet sourced from non-U.S. manufacturers.

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We generally maintain a similarly diverse fleet in countries where we have International corporate operations. In 2011, following the Avis Europe Acquisition, our International fleet was comprised of approximately 17%, 13% and 12% of cars manufactured by Volkswagen AG, Peugeot and General Motors, respectively. During 2011, we also purchased vehicles from Audi, BMW, Chrysler, Fiat, Ford, Hyundai, Mercedes, Mitsubishi, Nissan, Porsche, Renault and Toyota for our International fleet, including vehicles acquired as part of the Avis Europe Acquisition.

We generally hold a vehicle in our fleet for a term of four to sixteen months. In 2011, on average approximately 47% of our rental car fleet was comprised of vehicles subject to agreements requiring automobile manufacturers to repurchase them or guarantee our rate of depreciation during a specified period of time. Cars subject to these agreements are sometimes referred to as “program” cars and cars not subject to these agreements are sometimes referred to as “risk” cars. Such agreements require that program vehicles be maintained in our fleet for a minimum number of months (typically four to eleven months) and impose return conditions, including those related to mileage and condition. At the time the vehicle is returned, we receive the price guaranteed at the time of purchase and are thus protected from fluctuations in the prices of previously-owned vehicles in the wholesale market. The future percentages of program and risk vehicles in our fleet will be dependent on the availability and attractiveness of manufacturers’ repurchase and guaranteed depreciation programs. We dispose of our risk vehicles largely through automobile auctions, including auctions that enable dealers to purchase vehicles online more quickly than through traditional auctions.

Of the approximately 316,000 cars from our North America rental car fleet that we sold in 2011 (compared to 321,000 that we sold in 2010), we sold approximately 56% pursuant to repurchase or guaranteed depreciation programs and the rest were sold through third-party channels such as wholesale auctions.

Our car rental business is subject to seasonal variations in customer demand, with the summer vacation period representing the peak season. The seasonal variation in demand, along with more localized changes in demand at each of our locations, causes us to vary our fleet size over the course of the year. For 2011, given the effects of the Avis Europe Acquisition, our average monthly car rental fleet size ranged from a low of approximately 320,000 vehicles in January to a high of approximately 460,000 vehicles in October, including vehicles acquired in the Avis Europe Acquisition. Our average monthly car rental fleet size typically peaks in the summer months. Compared to 2010, our average fleet size increased approximately 15% in 2011, including vehicles acquired in the Avis Europe Acquisition. Average fleet utilization for 2011, which is based on the number of rental days (or portion thereof) that vehicles are rented compared to the total amount of time that vehicles are available for rent, ranged from 76% in March to 63% in December and averaged 69% for 2011, which was slightly below 2010 levels. Our calculation of utilization may not be comparable to other companies’ calculation of similarly titled statistics.

We place a strong emphasis on vehicle maintenance for customer safety and customer satisfaction reasons, and because quick and proper repairs are critical to fleet utilization. To accomplish this task we employ a fully-certified National Institute for Automotive Service Excellence (“ASE”) technician instructor and have developed a specialized training program for our 348 technicians who operate in approximately 85 maintenance and damage repair centers for both Avis and Budget in the United States. We use advanced diagnostic equipment, including General Motors’ Global Diagnostic System, Ford’s Integrated Diagnostic System, Chrysler’s wiTECH scan tool, Hyundai’s Global Diagnostic System, Kia’s Global Diagnostic System and Toyota’s Techstream scan tool. Our technician training department also prepares its own technical service bulletins that can be retrieved electronically at our repair locations. Approximately 80% of our U.S. technicians are ASE-certified.

Customer Service

We believe our commitment to delivering a consistently high level of customer service across all of our brands is a critical element of our success and strategy. In 2011, we continued implementation of our *Customer Led, Service Driven*TM program, through which we focus on improving the overall customer experience based on our

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research of customer service practices, improved customer insights, executing our customer relationship management strategy and delivering customer-centric employee training. We continuously track customer satisfaction levels by sending location-specific surveys to recent customers. In 2011, we received over 750,000 responses to our online customer satisfaction surveys. Our surveys ask customers to evaluate their overall satisfaction with their rental experience, among other things. Results are analyzed in aggregate and by location to help further enhance our service levels to our customers. In addition, we utilize a toll-free telephone number and a dedicated customer service e-mail address to allow customers of both Avis and Budget to report problems directly to our customer relations department. Location associates and managers receive resolution training and are empowered to resolve most customer issues at the location level. We continuously measure our service delivery by preparing weekly and monthly reports on the types and number of complaints and compliments we receive. These reports are utilized by our location management in conjunction with the customer satisfaction reports providing us with comprehensive feedback regarding customer service delivery.

Environmental Initiatives

Over the past several years, we have launched a number of initiatives to manage the environmental aspects of our business. We have focused on and expect to continue to focus on the environmental profile of our car rental fleet, as measured using the United States Environmental Protection Agency (“EPA”) SmartWay Certification program. Many of the 2011 model year rental cars in our fleet met the standards for EPA SmartWay Certification. We also offer gas/electric hybrid cars and flex fuel cars for rent for those seeking to minimize environmental impact through use of E-85 ethanol fuel. We also offer a significant number of vehicles equipped for electronic toll collection, which published research indicates reduces hydrocarbons and carbon monoxide emissions as well as emissions of nitrogen oxides through reduced wait times at toll booths. We offer electronic invoicing options in the United States and certain other countries to reduce our paper consumption. We have also introduced local environmental initiatives in certain European countries in which we operate, such as electric vehicles and carbon offset purchases, reduced utility usage and increased use of renewable energy sources at our European headquarters and other locations. Our corporate operations in Europe were accredited “CarbonNeutral® Operations” in 2011, meaning emissions generated by our European corporate operations have been reduced and offset to net zero.

We are creating formal Environmental Management Systems (EMS) for key U.S. airport locations in accordance with ISO 14001 international standards. We use these standards to quantify the various environmental aspects of our business operations, and to manage these aspects, reducing our impact when and where practicable. For example, new car washes installed at our Avis and Budget facilities now recycle and reuse at least 80% of their wastewater.

We also offer corporate customers a carbon footprint calculator designed to work with our data warehouse and compute the emissions from their rental car use. We then offer our corporate customers a program to help them reduce their carbon impact, including through driver education, and the opportunity to use carbon offset credits aimed at making their rental car use carbon neutral. We have an alliance with Carbonfund.org, a leading non-profit provider of carbon offset credits, to enable both renters and corporate customers to offset emissions generated by their rental car use.

Airport Concession Fees

In general, concession fees for on-airport locations are based on a percentage of total commissionable revenue (as defined by each airport authority), subject to minimum annual guaranteed amounts. Concessions are typically awarded by airport authorities every three to five years based upon competitive bids. Our concession agreements with the various airport authorities generally impose certain minimum operating requirements, provide for relocation in the event of future construction and provide for abatement of the minimum annual guarantee in the event of extended low passenger volume.

Competition

The car rental industry is characterized by intense price and service competition. Competition in our vehicle rental operations is based primarily upon price, reliability, vehicle availability, national or international distribution, usability of booking systems, ease of rental and return, and other elements of customer service. In addition, competition is influenced strongly by advertising, marketing and brand reputation. We compete primarily with the following car rental companies: Hertz Global Holdings, Inc., which operates the Hertz and Advantage brands; Dollar Thrifty Automotive Group, Inc.; Enterprise Rent-A-Car Company, which also operates the National Car Rental and Alamo brands in North America; Europcar, which also operates the National Car Rental and Alamo brands in Europe; and Sixt AG. We also compete with smaller regional car rental companies.

TRUCK RENTAL BUSINESS

Operations

Budget's truck rental business is one of the largest local and one-way truck rental businesses in the United States. The Budget truck rental business has a combined fleet of approximately 26,000 trucks, which are rented through a network of approximately 1,850 dealers and 300 Company-operated locations throughout the continental United States. A certain number of our dealer locations are operated by our Budget car rental licensees. The Budget truck rental business serves both the consumer and light commercial sectors. The consumer sector consists primarily of individuals who rent trucks to move household goods on either a one-way or local basis. The light commercial sector consists of a wide range of businesses that rent light- to medium-duty trucks, which we define as trucks having a gross vehicle weight of less than 26,000 pounds, for a variety of commercial applications. In 2011, the Budget truck rental business generated total revenue of approximately \$376 million.

We advertise in "yellow pages" telephone directories, purchase online advertisements and keywords, and conduct targeted email marketing campaigns to help promote our truck rental business to new and existing customers. Budget truck rental customers can make reservations, through our Budget truck rental website at budgettruck.com, through the Budget truck rental reservation center at 1-800-GO-BUDGET or by calling a specific location directly.

We have an exclusive agreement to advertise truck rental services in the Mover's Guide, an official U.S. Postal Service change of address product. In addition, we maintain relationships with businesses like Sears and Pep Boys, a leading automotive aftermarket service and retail chain, to promote Budget's truck rental business, as well as a relationship with AARP offering reduced rates to members.

Ancillary Products and Insurance Coverages

We supplement our daily truck rental revenue by offering customers a range of ancillary products. We rent automobile towing equipment and other moving accessories such as hand trucks, furniture pads and moving supplies, as well as *where2* GPS navigation units. We also make available to customers a range of optional liability-limiting products and coverages such as physical damage waivers, automobile towing protection, personal accident and cargo insurance and supplemental liability insurance. These ancillary products enhance our appeal to consumers by offering customers "one-stop" moving services.

Distribution

Budget's truck rental business is offered through a national network, which included approximately 1,850 dealers as of December 31, 2011. These independently-owned dealers generally operate self-storage facilities, rental centers, hardware stores, service stations and other similar retail service businesses. In addition to their principal businesses, the dealers rent our light- and medium-duty trucks to consumers and to our commercial accounts and are responsible for collecting payments on our behalf. The dealers receive a commission on all truck rentals and ancillary equipment rentals. Generally, agreements with dealers may be terminated by either party subject to certain conditions.

Competition

The truck rental industry is characterized by intense price and service competition as well as competition based on location (proximity to customer). We compete with a large number of truck rental companies throughout the country, including U-Haul International, Inc., Penske Truck Leasing Corporation, Ryder System, Inc., Enterprise Rent-A-Car Company and many others.

Seasonality

Our truck rental operations are subject to seasonal demand patterns, with generally higher levels of demand occurring during the late spring and summer months when most self-moves occur, with the third quarter typically being our busiest quarter. Generally, December is also a strong month due to increased retail sales activity and package deliveries.

INSURANCE

We generally assume the risk of liability to third parties arising from vehicle rental services in the United States, Canada, Puerto Rico and the U.S. Virgin Islands, in accordance with the minimum financial responsibility requirements ("MFRs") and primacy of coverage laws of the relevant jurisdiction. In certain cases, we assume liability above applicable MFRs, but to no more than \$1 million, pursuant to contractual obligations. In cases where we assume liability above applicable MFRs or in cases involving a negligent act on the part of the Company, we retain exposure for up to \$1 million per occurrence and up to \$10 million per occurrence, respectively, through a combination of self-insurance and insurance coverage provided by an unaffiliated insurance carrier and reinsured by us. We provide such reinsurance through our captive insurance subsidiary, Constellation Reinsurance Co., Ltd. We purchase insurance coverage for exposures of more than \$10 million per occurrence from a combination of unaffiliated excess carriers.

We insure the risk of liability to third parties arising from vehicle rental services in Europe in accordance with regulatory requirements, through a combination of unaffiliated carriers and our captive insurance subsidiary, AEGIS Motor Insurance Limited, which provides reinsurance to third-party insurers, subject to certain limits. AEGIS purchases reinsurance to limit its exposure. We insure the risk of liability to third parties in Argentina, Australia and New Zealand through a combination of unaffiliated carriers and one of our affiliates. These carriers provide coverage supplemental to minimum local requirements.

When a customer elects to purchase supplemental liability insurance, with limits of either \$1 million or \$2 million, we largely retain economic exposure to loss, since the insurance is provided by an unaffiliated carrier that is reinsured by our Constellation Reinsurance Co., Ltd. subsidiary. Additional personal accident insurance offered to our customers in Europe is underwritten by a third-party insurer, and reinsured by our Avis Europe International Reinsurance Limited subsidiary.

THE AVIS EUROPE ACQUISITION

On October 3, 2011, we completed the acquisition of all of the outstanding shares of Avis Europe plc for a purchase price of 315 pence per share in cash, or approximately \$1.0 billion. Avis Europe had been our largest independently-owned licensee, operating and sub-licensing the Avis and Budget brands in Europe, the Middle East and Africa, and the Avis brand in Asia. In 2010, Avis Europe generated revenue of approximately \$1.6 billion; operated an average fleet of approximately 100,000 vehicles in France, Germany, Spain, Italy, the United Kingdom, Austria, Belgium, Luxembourg, the Netherlands, Portugal, Switzerland, the Czech Republic and Singapore; and had sub-licensees in approximately 100 countries in Europe, the Middle East, Africa and Asia. The Avis Europe Acquisition, and the repayment of certain of its debt obligations, was funded through a combination of existing cash and incremental indebtedness.

TRADEMARKS AND INTELLECTUAL PROPERTY

The service marks “Avis” and “Budget,” related marks incorporating the words “Avis” or “Budget,” and related logos and marks such as “We try harder” are material to our vehicle rental business. Our subsidiaries and licensees actively use these marks. All of the material marks used by the Avis and Budget Systems are registered (or have applications pending for registration) with the United States Patent and Trademark Office as well as in over 100 countries. Our subsidiaries own the marks and other intellectual property, including the Wizard system, used in our business.

FINANCIAL DATA OF SEGMENTS AND GEOGRAPHIC AREAS

Financial data for our segments and geographic areas are reported in Note 22—Segment Information to our Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

REGULATION

We are subject to various federal, state and local laws and regulations in the United States and internationally, including those relating to taxing and licensing of vehicles, trademark licensing, consumer credit, consumer protection, environmental protection, insurance, privacy and labor matters.

Environmental

The principal environmental regulatory requirements applicable to our vehicle rental operations relate to the ownership or use of tanks for the storage of petroleum products, such as gasoline, diesel fuel and waste oils; the treatment or discharge of waste waters; and the generation, storage, transportation and off-site treatment or disposal of solid or liquid wastes. We operate approximately 450 Avis and Budget locations worldwide at which petroleum products are stored in underground or above-ground tanks and maintain liability insurance covering tanks at these locations. In the United States, we have instituted an environmental compliance program designed to ensure that these tanks are in compliance with applicable technical and operational requirements, including the replacement and upgrade of underground tanks to comply with the December 1998 EPA upgrade mandate and periodic testing and leak monitoring of underground storage tanks. We are also subject to various local environmental regulatory requirements in the other countries in which we operate locations with underground or above-ground storage tanks. We believe that the locations where we currently operate are in compliance, in all material respects, with such regulatory requirements.

We may also be subject to requirements related to the remediation of, or the liability for remediation of, substances that have been released into the environment at properties owned or operated by us or at properties to which we send substances for treatment or disposal. Such remediation requirements may be imposed without regard to fault, and liability for environmental remediation can be substantial. These remediation requirements and other environmental regulations differ depending on the country where the property is located.

We may be eligible for reimbursement in the United States from funds in certain states established to assist in the payment of remediation costs for releases from certain registered underground tanks. Subject to certain deductibles, the availability of funds, compliance status of the tanks and the nature of the release, these tank funds may be available to us for use in remediating future releases from our tank systems located in such states.

Loss Damage Waivers

Twenty-four states have enacted legislation which requires disclosure to each customer at the time of rental that damage to the rented vehicle may be covered to some extent by the customer’s personal automobile insurance and that loss damage waivers may not be necessary. In addition, four states have statutes which establish or cap the daily rate that can be charged for loss damage waivers.

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Insurance

As a result of our reinsurance of the optional insurance coverages that we offer through unaffiliated third-party insurance companies as well as other insurance obligations, we are subject to regulation under the insurance statutes, including insurance holding company statutes, of the jurisdictions in which our insurance company subsidiaries are domiciled. These regulations vary from jurisdiction to jurisdiction, but generally require insurance holding companies and insurers that are subsidiaries of insurance holding companies to register and file certain reports, including information concerning their capital structure, ownership, financial condition and general business operations with the regulatory authority of the applicable jurisdiction, and require prior regulatory agency approval of changes in control of an insurer and intra-corporate transfers of assets within the holding company structure. Such insurance statutes may also require that we obtain limited licenses to sell optional insurance coverage to our customers at the time of rental. In addition, our car rental operations in Europe must comply with certain European Union regulations regarding the sale of travel insurance by intermediaries.

Franchise Regulation

The aspect of our business that involves licensing third parties to operate locations under the Avis or Budget name, in exchange for the payment of a royalty, is regulated by various state franchising laws, as well as by the U.S. Federal Trade Commission (the "FTC"). The FTC requires that we make extensive disclosure to prospective licensees but does not require registration. A number of states require registration and/or disclosure in connection with licensing offers and sales. In addition, several states have franchise relationship laws that could limit our ability to, among other things, terminate license agreements or withhold consent to the renewal or transfer of these agreements. We are also subject to certain regulations affecting our license arrangements in Europe and other international locations. Although our licensing operations have not been materially adversely affected by such existing regulations, we cannot predict the effect of any future U.S. or international legislation or regulations.

Privacy

Laws in some countries and jurisdictions limit the types of information we may collect about individuals with whom we deal or propose to deal, as well as how we collect, retain and use the information that we are permitted to collect, some of which is non-public personally identifiable information. The centralized nature of our information systems requires the routine flow of information about customers and potential customers across national borders, particularly in the United States and Europe. If this flow of information were to become illegal, or subject to onerous restrictions, our ability to serve our customers could be seriously impaired for an extended period of time. In addition, our failure to maintain the security of the data we hold, whether as a result of our own error or the actions of others, could harm our reputation or give rise to legal liabilities leading to lower revenue, increased costs and otherwise adversely impact our results of operations. In addition, the Payment Card Industry (the "PCI") imposes strict customer credit card data security standards to ensure that our customers' credit card information is protected. Failure to meet the PCI data security standards could result in substantial increased fees to credit card companies, other liabilities and/or loss of the right to collect credit card payments.

EMPLOYEES

As of December 31, 2011, we employed approximately 28,000 persons, of whom approximately 8,000 were employed on a part-time basis. Of our 28,000 employees, approximately 9,000 were employed outside of the United States. In the United States, the majority of our employees are at-will employees and, therefore, not subject to any type of employment contract or agreement. Certain of our executive officers have been hired under employment contracts that specify a term of employment and specify pay and other benefits.

As of December 31, 2011, approximately 34% of our employees in the United States were covered by collective bargaining agreements with various labor unions. We believe our employee relations are satisfactory. We have never experienced a large-scale work stoppage.

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Outside the United States, we enter into employment contracts and agreements in those countries in which such relationships are mandatory or customary. The provisions of these agreements correspond in each case with the required or customary terms in the subject jurisdiction.

COMPANY INFORMATION

Our principal executive office is located at 6 Sylvan Way, Parsippany, New Jersey 07054 (telephone number: 973-496-4700). The Company files electronically with the Securities and Exchange Commission (the "SEC") required reports on Form 8-K, Form 10-Q, Form 10-K and Form 11-K; proxy materials; ownership reports for insiders as required by Section 16 of the Securities Exchange Act of 1934; registration statements and other forms or reports as required. Certain of the Company's officers and directors also file statements of changes in beneficial ownership on Form 4 with the SEC. The public may read and copy any materials that the Company has filed with the SEC at the SEC's Public Reference Room located at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 800-SEC-0330. Such materials may also be accessed electronically on the SEC's Internet site (www.sec.gov). The Company maintains a website (avisbudgetgroup.com) and copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports and any amendments to these reports filed or furnished with the SEC are available free of charge in the Investor Relations section of our website, as soon as reasonably practicable after filing with the SEC. Copies of our Codes of Conduct and Ethics, as defined under Item 406 of Regulation S-K, including any amendments thereto or waivers thereof, Corporate Governance Guidelines, Director Independence Criteria and Board Committee Charters are also available on our website. The information contained on the Company's website is not included in, or incorporated by reference into, this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

The following is a cautionary discussion of the most significant risks, uncertainties and assumptions that we believe are significant to our business and should be considered carefully in conjunction with all of the other information set forth in this Annual Report on Form 10-K. In addition to the factors discussed elsewhere in this report, the factors described in this item could, individually or in the aggregate, cause our actual results to differ materially from those described in any forward-looking statements. Should unknown risks or uncertainties materialize or underlying assumptions prove inaccurate, actual results could materially differ from past results and/or those anticipated, estimated or projected. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

Risks Related to Our Business

The high level of competition in the vehicle rental industry may lead to reduced rental volumes and increased pricing pressure, which could have an adverse impact on our results of operations.

The vehicle rental industry in which we operate is highly competitive. We believe that price is one of the primary competitive factors in the vehicle rental industry. Our competitors may seek to compete aggressively on the basis of pricing. We risk losing rental volume to the extent that our competitors reduce their pricing and we do not match or remain within a reasonably competitive margin of our competitors' pricing, or if price increases we seek to implement make us less competitive. We could be further impacted if we are unable to adjust the size of our rental fleet in response to fluctuations in demand.

The risk of competition on the basis of pricing in the truck rental industry can be even more intense than in the car rental industry because it can be more difficult to reduce the size of our truck rental fleet in response to reduced demand. The Internet has increased pricing transparency among vehicle rental companies by enabling cost-conscious customers to more easily obtain and compare the rates available from various vehicle rental companies for any given rental. This transparency may increase the prevalence and intensity of price competition in the future.

We face risks of increased fleet costs, both generally and due to the possibility that manufacturers could change or cease their repurchase or guaranteed depreciation programs.

Fleet costs, which represent our single largest expense, represented approximately 23% of our aggregate operating expenses for 2011 and can vary from year to year based on the prices at which we are able to purchase and dispose of rental vehicles. In 2011, on average approximately 47% of our rental car fleet was comprised of vehicles subject to agreements requiring automobile manufacturers to repurchase them or guarantee the depreciation rate for a specified period of time. We refer to such agreements as “programs” and to cars subject to such agreements as “program cars.” Under these programs, automobile manufacturers agree to repurchase cars at a specified price during a specified time period or guarantee the rate of depreciation for a specified period of time, typically subject to certain car condition and mileage requirements. These programs therefore enable us to determine, in advance, our depreciation expense, which is a significant component of our fleet costs. These programs also limit the risk to us that the market value of a car, at the time of its disposition, will be less than its estimated residual (or depreciated) value; however, as discussed below, such programs result in additional exposure to the manufacturers with whom we have such agreements.

Automobile manufacturers may not continue to sell program cars to us at all or on terms consistent with past practice. The overall cost of program cars could also increase if the manufacturers were to make changes to such programs, particularly if such changes were to result in an adverse impact in the repurchase price or guaranteed depreciation without a corresponding decrease to the original purchase price. Programs also generally provide us with flexibility to reduce the size of our fleet rapidly in response to an economic slowdown or changes in demand by disposing of cars sooner than originally expected. This flexibility may be reduced in the future to the extent that we reduce the percentage of program cars in our car rental fleet or this feature of the programs is altered.

We receive payments from manufacturers, known as “incentive payments,” once certain contractual conditions are met, such as reaching certain purchase volumes. Our per-unit fleet costs could increase if we should decide to purchase fewer vehicles than previously agreed to, or if we do not meet volume requirements or if incentive payments are reduced or eliminated by manufacturers. Any increase in our per-unit fleet costs could adversely impact our financial condition and results of operations.

We face risks related to the financial condition of automobile manufacturers and the used vehicle marketplace.

Approximately 25%, 24% and 18% of the cars we acquired for our North American fleet in 2011 were manufactured by Ford, General Motors and Chrysler, respectively. A majority of these cars and a portion of cars purchased from other manufacturers for our North American and our International fleets are program cars. If a manufacturer were to default under its agreements with us as a result of bankruptcy proceedings or otherwise, we could incur material expenses if the prices at which we were able to dispose of program cars were less than the specified prices under the applicable program. This effect may be magnified because we typically pay the manufacturer of a program car more than we would pay to buy the same car as a non-program vehicle, which we refer to as a “risk vehicle,” and because we depreciate a program car to the repurchase price or the guaranteed depreciation agreed to by the manufacturer. This price does not vary with conditions in the marketplace and is usually higher than the price that would be available in the used car marketplace. We also receive incentive payments from manufacturers following the purchase of some of our vehicles once certain conditions are met, such as reaching certain purchase volumes. Failure by a manufacturer to fulfill its obligations under any program agreement or incentive payment obligation could leave us with a substantial unpaid claim against the manufacturer, particularly with respect to program cars that were either (i) resold for an amount less than the amount guaranteed under the applicable program and therefore subject to a “true-up” payment obligation from the manufacturer or (ii) returned to the manufacturer but for which we were not yet paid, and therefore we could incur a substantial loss as a result of such failure to perform.

We currently sell non-program vehicles through auctions, third-party resellers and other channels in the used vehicle marketplace. Such channels may not produce stable used vehicle prices. A reduction in residual values

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for non-program cars and trucks in our vehicle rental fleet could cause us to sustain a substantial loss on the ultimate sale of such vehicles or require us to depreciate those vehicles at a more accelerated rate while we own them.

Any reduction in the market value of the vehicles in our fleet could effectively increase our fleet costs, adversely impact our profitability and potentially lead to decreased capacity in our asset-backed car rental funding facilities due to the collateral requirements for such facilities which effectively increase as market values for vehicles decrease. In addition, if our ability to sell vehicles in the used vehicle marketplace were to become severely limited at a time when required collateral levels were rising, principal under our asset-backed financing facilities may be required to be repaid sooner than anticipated with vehicle disposition proceeds and lease payments we make to our vehicle program subsidiaries. If that were to occur, the holders of our asset-backed debt may have the ability to exercise their right to instruct the trustee to direct the return of program vehicles and/or the sale of non-program vehicles to generate proceeds sufficient to repay such debt.

We face risks associated with sourcing vehicles for our fleet and potential safety recalls affecting vehicles in our fleet.

We currently source our fleet from a wide range of auto manufacturers, including General Motors, Ford, Chrysler, Audi, BMW, Fiat, Hyundai, Kia, Nissan, Peugeot, Renault, Toyota and Volkswagen. To the extent these or other auto manufacturers significantly curtail production, or decide to curtail sales to us or the vehicle rental industry as a whole, we may not be able to obtain a sufficient number of vehicles to operate our business without significantly increasing our fleet costs. In addition, our vehicles may be subject to safety recalls by their manufacturers that could have a similar impact on our business when we remove such recalled vehicles from our rentable fleet. If a large number of cars were to be the subject of simultaneous recalls, or if needed replacement parts were not in adequate supply, we may not be able to re-rent recalled cars for a significant period of time. We could also face liability claims related to vehicles subject to a safety recall. Depending on the nature and severity of the recall, it could adversely affect our revenues, create customer service problems, reduce the residual value of the cars involved, harm our general reputation and/or have an adverse effect on our financial condition and results of operations.

We may not be able to effectively integrate Avis Europe or realize anticipated benefits from the Avis Europe Acquisition, which could negatively impact our business.

We may not be able to promptly and efficiently integrate the operations of Avis Europe and its subsidiaries with our operations, and the potential benefits of the Avis Europe Acquisition that result from cost savings and synergies may be less than what we anticipate or may not be realized at all. The integration of Avis Europe with our operations will require significant attention from management and could impose constraints on our operations or other projects. Potential challenges associated with integrating Avis Europe's operations with our operations may include, among other things:

- inconsistencies between our standards, procedures and policies and those of Avis Europe;
- the increased scope and complexity of our operations;
- costs of compliance with U.S. and international laws and regulations;
- provisions in our and Avis Europe's contracts with third parties that limit our flexibility to take certain actions;
- the consolidation of operational and administrative systems and infrastructures;
- limitations on, or costs associated with, workforce reductions;
- the retention of key employees; and
- the possibility of other costs or inefficiencies associated with the integration of operations of the combined company.

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Any of these factors could cause delays or increased costs related to combining the companies and could adversely affect our operations, financial results and liquidity.

Weakness in general economic conditions in the United States, Europe and other areas in which we operate, weakness in travel demand and the housing market, and/or a significant increase in fuel costs can adversely impact our business.

Historically, our results of operations have declined during periods of general economic weakness, as experienced in 2008 and 2009 when our results were adversely impacted by the global economic recession. If economic conditions in the United States, Europe and/or worldwide were to weaken, our financial condition and results of operations could be adversely impacted in 2012 and beyond.

In 2011, we generated approximately 74% of our car rental T&M revenue from our on-airport locations; therefore, a decline in airline travel will typically have a direct adverse impact on our results of operations. Significant airline capacity reductions, airfare or related fee increases, any events that disrupt or reduce business or leisure air travel such as work stoppages, military conflicts, terrorist incidents, natural disasters, epidemic diseases, or the response of governments to any of these events, could result in reduced air travel and have an adverse effect on our results of operations. Significant increases in fuel prices, a severe protracted disruption in fuel supplies or rationing of fuel could discourage customers from renting cars or reduce or disrupt air travel.

Our truck rental business can also be impacted by the housing market. If conditions in the housing market were to further weaken, we may see a decline in truck rental transactions, which could have an adverse impact on our business.

We may not be successful in implementing our business strategies.

For 2012, our objective is to focus on growing our business profitably, strengthening our position as a leading provider of vehicle rental services and maintaining and enhancing efficiencies achieved through process improvement and other actions, including certain core strategic initiatives, such as optimizing our two-brand strategy, expanding our revenue sources, capturing incremental profit opportunities, integrating the operations of Avis Europe and controlling costs and promoting efficiencies. If we are unsuccessful in implementing these initiatives, our financial condition, results of operations and cash flows could be adversely affected.

We rely on third-party distribution channels, and the success of our business may be affected by these relationships.

In 2011, we generated approximately 44% of our car rental reservations through third-party distribution channels, which include:

- traditional and online travel agencies, airlines and hotel companies, marketing partners such as credit card companies and membership organizations and other entities that help us attract customers; and
- global distribution systems, such as Amadeus, Galileo/Apollo, Sabre and Worldspan that connect travel agents, travel service providers and corporations to our reservations systems.

In 2011, approximately 2% of our car rental reservations came through our largest non-GDS third party source of reservations. The operators of some third-party distribution channels can cancel or modify their agreements with us upon relatively short notice. Changes in our pricing agreements, commission schedules or arrangements with third-party distribution channels, the termination of any of our relationships or a reduction in the transaction volume of such channels, or a GDS's inability to process and communicate reservations to us could have an adverse impact on our business, financial condition and results of operations, particularly if our customers were unable to access our reservation systems through alternate channels.

Our business is seasonal, and a disruption in rental activity during our peak season could adversely affect our results of operations.

Seasonal changes in our revenues do not typically alter certain of our expenses that are fixed in the short run, such as rent and insurance, and typically result in higher profitability in periods when our revenues are higher and lower profitability in periods when our revenues are lower. In our business, the third quarter of the year has historically been our strongest quarter due to the increased level of leisure travel and household moving activity. In 2011, excluding the effects of the Avis Europe Acquisition, the third quarter accounted for 29% of our total revenue for the year and was our most profitable quarter as measured by Adjusted EBITDA. Any circumstance or occurrence that disrupts rental activity during the third quarter could have a disproportionately adverse impact on our financial condition and our results of operations.

Our derivative instruments may impact our results of operations.

We typically utilize derivative instruments to manage a portion of our risk related to fluctuations in interest rates, gas prices and foreign exchange rates. The derivative instruments we use to manage our risk are usually in the form of interest rate and commodity swaps and foreign exchange forward and swap agreements. Periodically, we are required to determine the change in fair value, called the “mark to market,” of some of these derivative instruments, which can result in a non-cash charge or gain being recognized in our financial results. Significant changes or shifts in interest rates, gas prices and foreign exchange rates will impact the valuation of our derivatives and therefore could expose us to substantial mark-to-market losses or gains if such rates or prices fluctuate materially from the time the derivatives were entered into. Accordingly, a fluctuation in such rates or prices may impact our financial position, results of operations and current or future cash flows. In addition, volatility in rates and prices can also impact the cost and effectiveness of our derivative instruments in managing our risks. To the extent any of our derivatives were to result in a gain upon settlement, we would be exposed to credit risk of the counterparties to such derivatives, which are typically large financial institutions.

We are exposed to fluctuations in foreign exchange rates that may adversely impact our results of operations.

Our international operations generate revenue and incur operating costs in currencies other than the U.S. dollar. In addition, the financial position and results of operations of many of our foreign subsidiaries are reported in the relevant local currency and then translated to U.S. dollars at the applicable currency exchange rate for inclusion in our consolidated financial statements. Changes in exchange rates among these foreign currencies and the U.S. dollar will affect the recorded levels of our assets and liabilities, to the extent such figures reflect the inclusion of foreign assets and liabilities that are translated into U.S. dollars for presentation in our financial statements, as well as our results of operations. The Avis Europe Acquisition has increased our foreign currency translation risk. While we take steps to manage our currency exposure, we cannot accurately predict the nature or extent of future exchange rate variability, which could adversely impact our results of operations and financial position.

We face risks related to liability and insurance.

Our businesses expose us to claims for personal injury, death and property damage related to the use of our vehicles and for workers’ compensation claims and other employment-related claims by our employees. We may become exposed to uninsured liability at levels in excess of our historical levels resulting from unusually high losses or otherwise. In addition, liabilities in respect of existing or future claims may exceed the level of our reserves and/or our insurance, which could adversely impact our financial condition and results of operations. Furthermore, insurance with unaffiliated carriers may not continue to be available to us on economically reasonable terms or at all. Should we experience significant liability for which we did not plan, our results of operations and financial position could be negatively impacted.

We face risks related to our locations.

We lease or have vehicle rental concessions for both the Avis and Budget brands at locations throughout the world, including at airports both in the United States and internationally where vehicle rental companies are

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frequently required to bid periodically for the available locations. If we were to lose any lease or vehicle rental concession, particularly at an airport in a major metropolitan area, there can be no assurance that we would be able to find a suitable replacement on reasonable terms or at all and our business could be adversely affected.

We are subject to environmental regulations that could render us liable for fines or damages.

We are subject to federal, state, local and foreign environmental laws and regulations in connection with our operations, including, among other things, with respect to the ownership and operation of tanks for the storage of petroleum products, such as gasoline, diesel fuel and motor and waste oils. We have established a compliance program for our tank systems that is intended to ensure that the tanks are properly registered with the state or other jurisdiction in which the tanks are located and have been either replaced or upgraded to meet applicable leak detection and spill, overfill, corrosion protection and vapor recovery requirements. These tank systems may not at all times remain free from undetected leaks, and the use of these tanks may result in significant spills, which may expose us to material liabilities.

We have made, and will continue to make, expenditures to comply with environmental laws and regulations, including, among others, expenditures for the cleanup of contamination at our owned and leased properties, as well as contamination at other locations at which our wastes have reportedly been identified. Our compliance with existing or future environmental laws and regulations may, however, require material expenditures by us or otherwise have an adverse impact on our financial position, results of operations and cash flows.

Changes in the laws and regulations in the jurisdictions in which we operate, including laws and regulations relating to the environment, insurance products that we sell, consumer privacy, data security, employment matters, taxes, automobile-related liability and insurance rates could affect our operations, disrupt our business, increase our expenses or otherwise have an adverse impact on our results of operations.

We are subject to a wide variety of laws and regulations in the United States and internationally and changes in the level of government regulation of our business have the potential to materially alter our business practices, financial position and results of operations. Depending on the jurisdiction, those changes may come about through the issuance of new laws and regulations or changes in the interpretation of existing laws and regulations by a court, regulatory body or governmental official. Our global operations may expose us to varying risks, which include multiple, and sometimes conflicting, foreign regulatory requirements and laws that are subject to change and are often much different than the laws in the United States, including laws relating to taxes, automobile-related liability, insurance rates, insurance products, consumer privacy, data security, employment matters, environmental matters, cost and fee recovery, the protection of our trademarks and other intellectual property and local ownership or investment requirements.

Optional insurance products that we offer to renters in the United States, including, but not limited to, supplemental liability insurance, personal accident insurance and personal effects protection, are regulated under state laws governing such products. Our car rental operations in Europe must comply with certain European Union regulations regarding the sale of travel insurance by intermediaries. In our other international car rental operations, our offering of optional insurance coverages has not historically been regulated. Any changes in U.S. or international laws that change our operating requirements with respect to optional insurance products could increase our costs of compliance or make it uneconomical to offer such products, which would lead to a reduction in revenue and profitability. If customers decline to purchase supplemental liability insurance products from us as a result of any changes in these laws or otherwise, our results of operations could be adversely affected.

In almost every state in the United States and certain other international locations where we operate, we recover from consumers various costs associated with the title and registration of our vehicles. In addition, where permitted, we also recover from consumers certain costs, including concession costs imposed by an airport authority or the owner and/or operator of the premises from which our vehicle is rented. In the United States, our

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long-standing business practice has been to separately state the existence of these additional costs in our rental agreements and invoices and to disclose to consumers what the additional surcharges used to recover such costs are, together with an estimated total price, inclusive of these surcharges, in all distribution channels. We believe that this standard practice comports with the Federal Trade Commission Act and has been upheld by several courts. We may in the future be subject to potential legislative changes or administrative actions in the United States and internationally, which could limit, restrict or prohibit our ability to separately state, charge and recover such costs, which could result in an adverse cost reallocation. If any such changes were to be enacted, there may be an adverse impact or limitation on our ability to recover all of the surcharges we currently charge, which could adversely impact our profitability and results of operations.

In 2005, federal legislation was enacted that pre-empted state laws which imputed tort liability solely based on ownership of a vehicle involved in an accident. If the current law were to change, our insurance liability exposure could materially increase.

The U.S. Congress and other legislative and regulatory authorities in the United States and internationally have considered, and will likely continue to consider, numerous measures related to climate change and greenhouse gas emissions. Should rules establishing limitations on greenhouse gas emissions or rules imposing fees on entities deemed to be responsible for greenhouse gas emissions become effective, demand for our services could be affected, our fleet and/or other costs could increase, and our business could be adversely affected.

We may be held responsible by regulators, courts or others for the actions of, or failures to act by, our licensees, dealers or independent operators, which exposes us to possible fines, other liabilities and negative publicity.

Our car and truck rental licensee and dealer locations are independently owned and operated. We also operate many of our corporate locations through agreements with “agency operators,” which are third-party independent contractors who receive commissions to operate such locations. Our agreements with our licensees, dealers and agency operators (“third-party operators”) generally require that they comply with all laws and regulations applicable to their businesses, including our internal policies and standards. Under these agreements, third-party operators retain control over the employment and management of all personnel at their locations. Regulators, courts or others may seek to hold us responsible for the actions of, or failures to act by third-party operators. Although we actively monitor the operations of these third-party operators, and under certain circumstances have the ability to terminate their agreements for failure to adhere to contracted operational standards, we are unlikely to detect all problems. Moreover, there are occasions when the actions of third-party operators may not be clearly distinguishable from our own. It is our policy to vigorously seek to be dismissed from any such claims involving third-party operators and to pursue indemnity for any adverse outcomes that affect our Company. Failure of third-party operators to comply with laws and regulations may expose us to liability, damages and publicity that may adversely affect our business.

We face risks arising from our heavy reliance on communications networks and centralized information systems.

We rely heavily on information systems, including our reservation system, to accept reservations, process rental and sales transactions, manage our fleet of vehicles, account for our activities and otherwise conduct our business. We have centralized our information systems, and we rely on communications service providers to link our systems with the business locations these systems were designed to serve. A failure of a major system, or a major disruption of communications between the system and the locations it serves, could cause a loss of reservations, interfere with our ability to manage our fleet, slow rental and sales processes and otherwise adversely affect our ability to manage our business effectively. Our systems’ business continuity plans and insurance programs seek to mitigate such risks but they cannot fully eliminate the risk that a disruption could be experienced in any of our information systems.

Any failure by us to protect confidential information of our customers against security breaches, including cyber-security breaches, could damage our reputation and substantially harm our business and results of operations.

Third parties may have the technology or expertise to breach the security of our customer transaction data and our security measures may not prevent physical security or cyber-security breaches, which could result in substantial harm to our business, our reputation and our results of operations. We rely on encryption and/or authentication technology licensed and, at times, administered by third parties to effect secure transmission of confidential information, including credit card numbers. Our outsource agreements with third-party service providers generally require that providers have adequate security systems in place to protect all of our customer transaction data. However, advances in computer capabilities, new discoveries in the field of cryptography or other cyber-security developments could render our security systems and technology or those employed by our third-party service providers vulnerable to a breach. In addition, anyone who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. Cyber-security risks such as malicious software and attempts to gain unauthorized access to data are rapidly evolving and could lead to disruptions in our reservation system or other data systems, unauthorized release of confidential or otherwise protected information or corruption of data. Any successful efforts by individuals to infiltrate, break into, disrupt, damage or otherwise steal from the Company's, its licensees' or its third-party service providers' security or information systems could damage our reputation and brand and expose us to a risk of loss or litigation and possible liability that could substantially harm our business and results of operations.

In addition, the industry that regulates the usage of credit and debit cards (the Payment Card Industry, or the "PCI") imposes strict customer credit card data security standards to ensure that our customers' credit card information is protected. Failure to meet the PCI data security standards could result in substantial increased fees to credit card companies, other liabilities and/or loss of the right to collect credit card payments, which could adversely impact our operations. Failure to protect customer credit card and other information can also result in governmental investigations or material civil or criminal liability.

We face risks associated with our like-kind exchange program.

We utilize a like-kind exchange program whereby we replace vehicles in a manner that allows tax gains on vehicles sold in the United States to be deferred. The program has resulted in a material deferral of federal and state income taxes beginning in 2004. The benefit of deferral is dependent on reinvestment of vehicle disposition proceeds in replacement vehicles within a prescribed period of time (usually six months). An extended downsizing of our fleet could result in reduced deferrals, utilization of tax attributes and increased payment of federal and state income taxes that could require us to make material cash payments. Such a downsizing or reduction in purchases would likely occur if, and to the extent, we are unable to obtain financing when our asset-backed rental car financings mature or in connection with a significant decrease in demand for vehicle rentals. Therefore, we cannot offer assurance that the expected tax deferral will continue or that the relevant law concerning the like-kind exchange program will remain intact in its current form.

Acquisitions of existing Avis or Budget licensees, or acquisitions or investments in other businesses could have an adverse impact on our results of operations.

We have acquired and may acquire existing licensees and/or other businesses in the future and have invested in and may further invest in licensees or other businesses. These acquisitions and investments may involve numerous risks, including those associated with integrating operations, technology and personnel into our business, potential disruption of our ongoing business and distraction of management and exposure to existing as well as unknown liabilities, including litigation involving the acquired entity. Such acquisitions and/or investments may not be accretive to our earnings and may negatively impact our financial condition and results of operations.

Risks Related to Our Indebtedness

We have a substantial amount of debt, which could impair our financial condition and adversely affect our ability to react to future changes in our business.

As of December 31, 2011, our total debt was approximately \$8.8 billion and we had \$757 million of available letter of credit and borrowing capacity under our senior credit facilities. Our indebtedness could have important consequences, including:

- limiting our ability to borrow additional amounts to fund working capital, capital expenditures, debt service requirements, execution of our business strategy or acquisitions and other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay principal and interest on our debt, which would reduce the funds available to us for other purposes; and
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions, as well as changes in government regulation and changes to our business.

Our ability to satisfy and manage our debt obligations depends on our ability to generate cash flow and on overall financial market conditions. To some extent, this is subject to prevailing economic and competitive conditions and to certain financial, business and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow from operations to permit us to pay principal, premium, if any, or interest on our debt obligations. If we are unable to generate sufficient cash flow from operations to service our debt obligations and meet our other cash needs, we may be forced to reduce or delay capital expenditures, sell or curtail assets or operations, seek additional capital or seek to restructure or refinance our indebtedness. If we must sell or curtail our assets or operations, it may negatively affect our ability to generate revenue.

Despite our current indebtedness levels, we may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial outstanding indebtedness.

The agreement governing our credit facilities and the indentures governing our senior unsecured notes limit, but do not prohibit, us from incurring additional indebtedness in the future. As of December 31, 2011, our revolving senior credit facilities provided us with aggregate capacity of up to \$1.4 billion, \$757 million of which remains available for borrowings. All of those borrowings would be secured and the lenders under our senior credit facilities would have a prior claim to the assets that secure such indebtedness. If new debt is added to our current debt levels, the risks described above could intensify.

We may be unable to remain in compliance with the financial or other covenants contained in our debt instruments, including our senior credit facilities.

Many of our debt instruments, including our senior credit facilities, contain financial and other covenants that impose significant requirements on us and limit our ability to engage in certain transactions or activities. There can be no assurance that we will be able to generate sufficient earnings to enable us to satisfy the financial covenants included in our debt instruments. Our failure to comply with these covenants, if not waived, would cause a default under the senior credit facilities and could result in required repayment of principal under our U.S. asset-backed conduit facilities from a portion of our vehicle disposition proceeds or lease payments that we make to our vehicle program subsidiaries. If such a failure were to occur, there can be no assurance that we would be able to refinance or obtain a replacement for such facilities and in certain circumstances such failure could also give rise to a default under the instruments that govern our other indebtedness.

We can be adversely impacted by disruptions in the credit and asset-backed securities markets, which could lead to increases in interest rates and could disrupt our ability to obtain financing for our operations.

We rely upon financing for our operations, particularly asset-backed financing, through asset-backed securities and the credit market. Our total asset-backed debt as of December 31, 2011 was approximately \$5.6 billion, with

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available capacity of approximately \$3.8 billion. Our \$2.5 billion asset-backed U.S. rental car conduit facility is a two-year facility which matures in October 2013. We also maintain asset-backed facilities in Canada and Australia, and a vehicle-backed credit facility in Europe. If the asset-backed financing market is disrupted for any reason, we may be unable to obtain refinancing for our operations at current levels, or at all, when our asset-backed rental car financings mature, and any new financing or refinancing of our existing financing could increase our borrowing costs, including due to an increase in required collateral levels. In addition, we could be subject to increased collateral requirements to the extent we request any amendment or renewal of any of our existing financing.

Ambac Assurance Corporation (“Ambac”) provides financial guaranties for approximately \$900 million of our approximately \$4.7 billion of U.S. term asset-backed car rental financing outstanding at December 31, 2011. Ambac’s debt ratings have been downgraded significantly from the time in which the guaranties were entered into. Assured Guaranty Corp. is also the provider of a financial guaranty for \$208 million of our term asset-backed car rental financing. Should certain insolvency events occur with respect to the financial guarantors of our outstanding term asset-backed financings, we would be required to repay principal of the related financing sooner than anticipated from a portion of the proceeds of our ordinary course vehicle disposition and lease payments we make to our vehicle program subsidiaries. If such financings were not so repaid, these financial guarantor insolvency events could also result in the noteholders of the series of asset-backed notes guaranteed by the insolvent financial guarantor instructing the trustee to direct the return of program vehicles and/or the sale of non-program vehicles to generate proceeds sufficient to repay such series of notes. If such a financial guarantor insolvency event were to occur, there can be no assurance that we would be able to replace the relevant financings on reasonable terms or at all.

An increase in interest rates would increase the cost of servicing our debt obligations and could reduce our future profitability.

A portion of our borrowings, primarily our vehicle-backed borrowings, bear interest at variable rates that expose us to interest rate risk. If interest rates were to increase, whether due to an increase in market interest rates or an increase in our own cost of borrowing, our debt service obligations for our variable rate indebtedness would increase even though the amount of borrowings remained the same, and our results of operations could be adversely affected. As of December 31, 2011, our total outstanding debt of approximately \$8.8 billion included unhedged interest rate sensitive debt of approximately \$1.4 billion. During our seasonal borrowing peak in 2011, outstanding unhedged interest rate sensitive debt totaled approximately \$1.9 billion.

Restrictive covenants in agreements and instruments governing our debt obligations could adversely affect our ability to operate our business.

The terms of certain of our indebtedness, including the indentures governing our senior unsecured notes and the agreement governing our senior credit facilities contain, and our future debt instruments may contain, various provisions that limit our ability to, among other things:

- incur additional debt;
- provide guaranties in respect of obligations of other persons;
- issue redeemable stock and preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt;
- make loans, investments and capital expenditures;
- enter into transactions with affiliates;
- create or incur liens;

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- make distributions from our subsidiaries;
- sell assets and capital stock of our subsidiaries;
- make acquisitions; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

Risks Related to the Separation

We are relying on our former subsidiaries to fulfill their obligations under the certain agreements related to the Separation.

We continue to manage the administration of certain legacy items which remain following the completion of the Separation. In connection with the Separation, we entered into certain agreements, including a Separation and Distribution Agreement (the “Separation Agreement”) with Realogy Corporation (“Realogy”), Wyndham Worldwide Corporation (“Wyndham Worldwide”) and Travelport, Inc. (“Travelport”) governing our relationships following the Separation. Pursuant to the Separation Agreement and related agreements (including a tax sharing agreement, the “Tax Sharing Agreement”), Realogy and Wyndham Worldwide are responsible for 62.5% and 37.5%, respectively, of certain contingent and other of our corporate liabilities including those relating to unresolved tax and legal matters as well as 100% of certain liabilities that relate to their respective businesses (the “Assumed Obligations”), specifically (i) all taxes imposed on us and certain of our subsidiaries and (ii) certain of our contingent and other corporate liabilities and/or those of our subsidiaries to the extent incurred prior to August 23, 2006. If either Realogy or Wyndham Worldwide were to default in its payment, when due, of any such Assumed Obligations, each non-defaulting party, including us, would be required to pay an equal portion of the defaulted amounts, and any such default may adversely impact our results of operations, financial condition or cash flows.

Realogy was acquired by an affiliate of Apollo Management VI, L.P. following the Separation. In accordance with the terms of the Separation Agreement, Realogy posted a letter of credit for the benefit of the Company in an amount designed to cover its estimated share of the Assumed Obligations. As of December 31, 2011, we had recorded receivables from Realogy of approximately \$71 million; the amount of the letter of credit posted by Realogy is designed to approximate the amount of such receivables and is subject to adjustment from time to time. There can be no assurance that such letter of credit will be sufficient or effective to cover Realogy’s actual obligations if and when they arise. In addition, the Separation Agreement effectively provides Realogy with the right to control the process for resolving disputes related to many of the Assumed Obligations.

Realogy, Wyndham Worldwide and/or Travelport (the “separated companies”) are required to indemnify us in respect of certain liabilities that related to their respective businesses, including certain effective guarantees that result from either us or one of our subsidiaries remaining a named lessee on real estate leases pertaining to properties occupied by the separated companies as well as certain litigation that pertains to the businesses of such companies in which we are also named. Any failure by the separated companies to pay any of their assumed liabilities when due or to indemnify us when required may adversely impact our results of operations, financial condition or cash flows.

Risks Related to Our Common Stock

The market price of our shares may fluctuate widely.

We cannot predict the prices at which our common stock will trade. The market price of our common stock experienced substantial volatility in the past and may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- our quarterly or annual earnings, or those of other companies in our industry, including our key suppliers;

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- actual or anticipated fluctuations in our operating results;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of acquisitions, dispositions, strategies, marketing affiliations, projections, fleet costs, pricing actions or other competitive actions;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- changes in investors' and analysts' perceptions of our industry, business or related industries;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations; and
- general economic conditions and conditions in the credit markets.

Our shareholders' percentage of ownership may be diluted in the future.

Our shareholders' percentage of ownership may be diluted in the future due to equity issuances, conversion of our convertible senior notes due 2014, the exercise of warrants that we issued in 2009 or equity awards that we granted or will grant to our directors, officers and employees. Holders of our convertible senior notes may convert their notes into up to 21 million shares of our common stock. In 2011, we granted approximately 1.1 million restricted stock units and in January 2012, we granted approximately 1.6 million restricted stock units. We also expect to grant restricted stock units, stock options and/or other types of equity awards in the future.

Provisions in our certificate of incorporation and corporate by-laws, as well as requirements under Delaware law, could prevent or delay a potential acquisition of our Company, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation, amended and restated by-laws and laws in the State of Delaware contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the prospective acquirer and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover. These provisions include, among others:

- elimination of the right of our stockholders to act by written consent;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of our Board of Directors to issue preferred stock without stockholder approval; and
- limitations on the right of stockholders to remove directors.

Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our Board of Directors and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make our Company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in the best interests of our Company and our stockholders.

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Conversion of our convertible senior notes due 2014 and the note hedge and warrant transactions entered into in connection with the issuance of the notes may have an adverse impact on the price of our common stock.

Any of the following transactions and activities could adversely affect the value of our common stock in connection with our issuance of \$345 million of 3.5% convertible senior notes due 2014 and the note hedge and warrant transactions entered into in connection with such issuance:

- the conversion of some or all of our convertible senior notes, any sales by noteholders in the public market of our common stock issued upon such conversion and any selling of our common stock (including short selling) due to the existence of the notes;
- the exercise of some or all of the warrants, any sales by warrantholders in the public market of our common stock issued upon such exercise of the warrants and any selling of our common stock (including short selling) due to the existence of the warrants; and
- the entry into, or the modification or the unwinding of, various derivative transactions with respect to our common stock by the counterparties in connection with their obligations under the note hedge and warrant transactions.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located at leased offices at 6 Sylvan Way, Parsippany, New Jersey 07054 pursuant to a lease agreement that expires in 2023. We also own a facility in Virginia Beach, Virginia, which serves as a satellite administrative facility for our car and truck rental operations. Office space is also leased in Greenwood Village, Colorado, and Tulsa, Oklahoma, pursuant to leases expiring in 2015 and 2022, respectively. These locations primarily provide operational services for both brands, including contact center operations. We also lease office space in Bracknell, England, Barcelona, Spain and Budapest, Hungary, pursuant to leases expiring in 2015, 2013 and 2013, respectively, for corporate offices, contact center activities and other administrative functions, respectively, in Europe. There are approximately 25 other leased office locations throughout the world used for administrative activities, regional sales and operations activities.

We lease or have vehicle rental concessions for both the Avis and Budget brands at locations throughout the world. Avis operates approximately 1,200 locations in North America and approximately 900 locations outside North America. Of those locations, approximately 260 in North America and approximately 180 outside North America are at airports. Budget operates at approximately 850 locations in North America, of which approximately 200 are at airports. Budget also operates at approximately 250 locations outside North America, of which approximately 120 are at airports. Typically, pursuant to various airport concession agreements that we have entered into both in North America and internationally, we are contractually obligated to pay certain airports a percentage of our vehicle rental revenue, with a guaranteed minimum. Because there is a limit to the number of vehicle rental locations in an airport, vehicle rental companies frequently bid for the available locations, usually on the basis of the size of the guaranteed minimums. We believe that our properties are sufficient to meet our present needs and we do not anticipate any difficulty in securing additional space, as needed, on acceptable terms.

ITEM 3. LEGAL PROCEEDINGS

On November 14, 2007, two California residents filed a putative class action lawsuit, captioned *Michael Shames et al. v. The Hertz Corp. et al.*, No. 07 CV 2174H (S.D. Cal.), against the Company, six other rental car companies, the California Travel and Tourism Commission (the "CTTC") and the CTTC's Executive Director, alleging that the defendants violated federal antitrust law and California's Unfair Competition Law and False

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Advertising Law by allegedly agreeing to pass on airport concession fees and a state tourism commission assessment to passenger car renters in California. The plaintiffs are seeking treble damages, injunctive relief and attorneys' fees and costs. The district court has dismissed all claims against us and other car rental defendants, except for the federal antitrust claim, and dismissed all claims against the CTTC. The Ninth Circuit Court of Appeals initially affirmed the dismissal of the antitrust claims against the CTTC, but later reversed its opinion, making the CTTC again a party to the district court proceedings. The Company denies the allegations and continues to defend the case.

In October 2009, a judgment was entered against us for damages related to breach of contract in the amount of \$16 million in *Alaska Rent A Car, Inc. v. Cendant Corp., et al.*, in the United States District Court for the District of Alaska. The lawsuit, which was filed in 2003 by our licensee, Alaska Rent-A-Car, involved breach of contract and other claims related to the acquisition of our Budget vehicle rental business in 2002. In addition to the judgment for damages, in June 2010 the district court also entered an order against the Company in the amount of \$3.3 million, in favor of the plaintiff's motions for pre-judgment interest and attorneys' fees. We are awaiting a ruling from the United States Court of Appeals for the Ninth Circuit on our appeal of the judgment and the award of attorneys' fees.

The Company is involved in legal proceedings related to wage and hour and employee classification claims, including the following:

In May 2008, a civil collective action complaint currently captioned *Matt Ravenell v. Avis Budget Group, Inc., Avis Budget Car Rental, LLC and Avis Rent A Car System, LLC*, No. 08 CV 02113 (E.D.N.Y.), was filed against us alleging that the Company violated the Fair Labor Standards Act and the State of New York's labor laws by misclassifying shift managers as employees exempt from overtime. The plaintiffs, former Avis shift managers, seek to recover, on behalf of themselves and all other individuals who are similarly situated, alleged unpaid overtime compensation, as well as attorneys' fees and costs. In addition, two of the named plaintiffs assert individual claims of retaliation against the Company. Conditional class certification with respect to Plaintiff's Fair Labor Standards Act claims was granted to plaintiffs in July 2010.

A civil collective action complaint, similar to the *Ravenell* matter, was also filed against the Company in the U.S. District Court for the Middle District of Florida in September 2010, alleging misclassification of shift managers as exempt from overtime in violation of the Fair Labor Standards Act. Two putative class actions are also pending against us in California alleging violations of state law regarding meal breaks, among other claims. Both California cases are currently subject to a court-ordered stay pending a decision by the California Supreme Court in an existing case not involving the Company. We intend to vigorously defend each of these suits.

Additionally, we are involved in other unresolved legal actions that arise in the normal course of business. The most prevalent of these unresolved actions involve disputes related to contracts, licensees, employment issues, or intellectual property rights. Although it is not possible to predict with certainty the outcome of these unresolved legal actions, we believe that the actions not specifically discussed herein will not individually or in the aggregate have a material impact on our consolidated results of operations, financial position or liquidity.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*****Market Price of Common Stock***

Our common stock is currently traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "CAR." Prior to December 31, 2010, our common stock was listed on the New York Stock Exchange ("NYSE"), and the following table sets forth the quarterly high and low sales prices per share of our common stock as reported by NASDAQ for 2011 and on the NYSE for 2010. At January 31, 2012, the number of stockholders of record was approximately 4,627.

2011	High	Low
First Quarter	\$18.26	\$13.69
Second Quarter	19.20	15.70
Third Quarter	17.73	9.67
Fourth Quarter	14.62	8.89
2010	High	Low
First Quarter	\$13.63	\$ 9.66
Second Quarter	16.85	9.76
Third Quarter	12.89	8.57
Fourth Quarter	15.64	10.78

Dividend Policy

We neither declared nor paid any cash dividend on our common stock in 2011 and 2010, and we do not anticipate paying dividends on our common stock for the foreseeable future. Our ability to pay dividends to holders of our common stock is limited by the Company's senior credit facilities, the indentures governing our senior notes and our vehicle financing programs, insofar as we may seek to pay dividends out of funds made available to Avis Budget by Avis Budget Car Rental and/or its subsidiaries. The declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our businesses, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and other factors that the Board of Directors deems relevant.

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Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information about shares of our common stock that may be issued upon the exercise of options, stock settled stock appreciation rights and restricted stock units under all of our existing equity compensation plans as of December 31, 2011. The table excludes 2.5 million shares of our common stock available for issuance pursuant to the 2009 Employee Stock Purchase Plan, approved by stockholders.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, Rights and Restricted Stock Units ^(c)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (Excludes Restricted Stock Units) (\$) ^(c)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by Company stockholders ^(a)	6,787,639	7.42	3,361,623
Equity compensation plans not approved by Company stockholders ^{(b)(d)}	518,605	26.97	—
Total	7,306,244	10.00	3,361,623

^(a) The number of securities to be issued includes options and other awards granted under the following plans approved by stockholders: 2007 Equity and Incentive Plan; 1997 Stock Incentive Plan; 1997 Stock Option Plan; 1987 Stock Option Plan and the Directors Deferred Compensation Plan. The 1997 Stock Incentive Plan; 1997 Stock Option Plan; 1987 Stock Option Plan and the Directors Deferred Compensation Plan were each approved with respect to an initial allocation of shares. The number of securities remaining available for future issuance under equity compensation plans represents solely shares available for issuance under the 2007 Equity and Incentive Plan.

^(b) Includes options and other awards granted under the following plans: 1999 Broad-Based Employee Stock Option Plan; 1992 Employee Stock Option Plan; and stand-alone option grants to former officers. The material terms of these plans are set forth under footnote (d) below. Notwithstanding the terms of these plans to the contrary, no option granted under any of these plans provides for a term in excess of 10 years or an exercise price below fair market value as of the date of grant (other than options assumed or replaced in connection with acquisitions). All options granted under these plans have been approved by the Board of Directors or the Compensation Committee of the Board of Directors.

^(c) Reflects an equitable adjustment of stock options and restricted stock units in connection with the spin-off of PHH Corporation to our stockholders during 2005 and the distributions of Realogy and Wyndham Worldwide in 2006. Also reflects the one-for-ten reverse stock split completed in September 2006.

^(d) The following are the material terms of plans not submitted for stockholder approval: *1999 Broad-Based Employee Stock Option Plan*. Awards under this plan are generally comprised of stock options and other awards valued by reference to Common Stock to employees who are not executive officers. Shares issued pursuant to the exercise of options granted under this plan may be authorized and unissued shares or treasury shares. In the event of any change in corporate capitalization, reorganization or similar event, shares subject to outstanding awards and the exercise price of outstanding options may be adjusted or substituted for, as the Compensation Committee or the Board of Directors may determine. Each option granted under this plan will become immediately exercisable upon a "change-of-control transaction" (as defined in the plan). Unless otherwise determined by the Compensation Committee, following termination of employment, options granted under this plan generally will remain exercisable, to the extent exercisable at the time of termination, for one year (two years, in the case of retirement, death or disability).

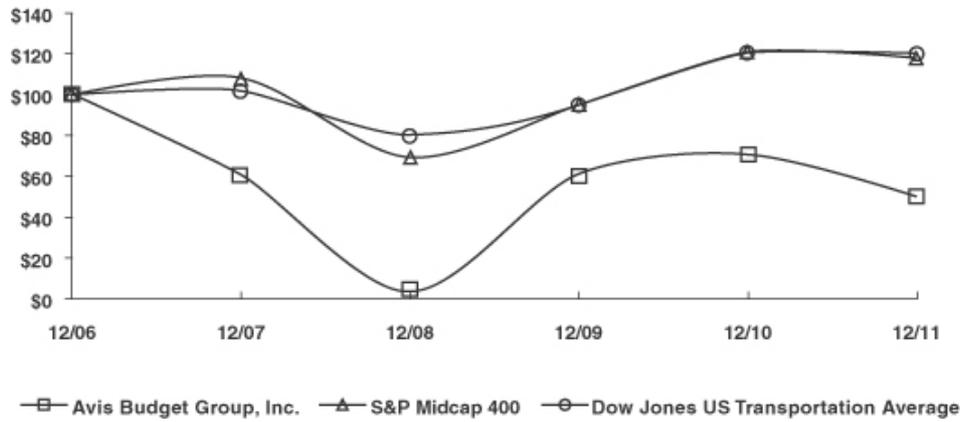
Issuer Purchases of Equity Securities

None.

Performance Graph

The following graph assumes \$100 invested on December 31, 2006, and compares (A) the yearly change in our cumulative total stockholder return on our common stock (as measured by dividing (i) the sum of (a) the cumulative amount of dividends, assuming dividend reinvestment, during the five years commencing on the last trading day before January 1, 2006 and ending on December 31, 2011, and (b) the difference between our stock price at the end and the beginning of the periods presented by (ii) the share price at the beginning of the periods presented with (B) the Standard & Poor's MidCap 400 Index and the Dow Jones U.S. Transportation Average Index.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Among Avis Budget Group, Inc., the S&P Midcap 400 Index,
and the Dow Jones US Transportation Average Index



ITEM 6. SELECTED FINANCIAL DATA

	At or For the Year Ended December 31,				
	2011	2010	2009	2008	2007
	(In millions, except per share data)				
Results of Operations					
Net revenues	\$ 5,900	\$ 5,185	\$ 5,131	\$ 5,984	\$ 5,986
Income (loss) from continuing operations	\$ (29)	\$ 54	\$ (47)	\$ (1,124)	\$ (947)
Income from discontinued operations, net of tax	—	—	—	—	31
Net income (loss)	\$ (29)	\$ 54	\$ (47)	\$ (1,124)	\$ (916)
Per Share Data					
Income (loss) from continuing operations:					
Basic	\$ (0.28)	\$ 0.53	\$ (0.46)	\$ (11.04)	\$ (9.18)
Diluted	(0.28)	0.49	(0.46)	(11.04)	(9.18)
Income from discontinued operations:					
Basic	\$ —	\$ —	\$ —	\$ —	\$ 0.30
Diluted	—	—	—	—	0.30
Net income (loss):					
Basic	\$ (0.28)	\$ 0.53	\$ (0.46)	\$ (11.04)	\$ (8.88)
Diluted	(0.28)	0.49	(0.46)	(11.04)	(8.88)
Cash dividends declared	\$ —	\$ —	\$ —	\$ —	\$ —
Financial Position					
Total assets	\$12,938	\$10,327	\$10,093	\$11,318	\$12,474
Assets under vehicle programs	9,090	6,865	6,522	7,826	7,981
Corporate debt	3,205	2,502	2,131	1,789	1,797
Debt under vehicle programs ^(a)	5,564	4,515	4,374	6,034	5,596
Stockholders' equity	412	410	222	93	1,465

^(a) Includes related-party debt due to Avis Budget Rental Car Funding (AESOP), LLC. See Note 16 to our Consolidated Financial Statements.

In presenting the financial data above in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported. See "Critical Accounting Policies" under Item 7 included elsewhere herein for a detailed discussion of the accounting policies that we believe require subjective and complex judgments that could potentially affect reported results.

Restructuring, Transaction-related Costs and Other Items

During 2011 and 2010, we recorded \$255 million and \$14 million, respectively, of transaction-related costs related to our acquisition of Avis Europe plc ("Avis Europe") and our previous efforts to acquire Dollar Thrifty Automotive Group, Inc. ("Dollar Thrifty"). During 2011, these costs included a \$117 million non-cash charge related to the unfavorable license rights reacquired by the Company, that provided Avis Europe with royalty-free license rights within certain territories, \$49 million for losses on foreign-currency transactions related to the Avis Europe Acquisition purchase price, and \$89 million of expenses related to due-diligence, advisory and other costs. See Notes 1 and 6 to our Consolidated Financial Statements. In 2010, these costs related to due-diligence and other cost for our previous efforts to acquire Dollar Thrifty.

During 2011, we began to integrate the operations of Avis Europe and incurred \$3 million in related charges. We recorded charges related to other restructuring initiatives of \$2 million in 2011, \$11 million in 2010, \$20 million in 2009, and \$28 million in 2008. See Note 4 to our Consolidated Financial Statements.

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In 2010, we recorded \$52 million of expense related to the early extinguishment of a portion of our corporate debt and associated interest rate swaps.

In 2009, we recorded an approximately \$33 million (\$20 million, net of tax) non-cash charge for the impairment of investments, to reflect the other-than-temporary decline of the investments' fair value below its carrying value. See Note 2 to our Consolidated Financial Statements. In 2008, we recorded an approximately \$1.3 billion (\$1.1 billion, net of tax) non-cash charge to reflect (i) the impairment of goodwill, (ii) the impairment of our tradenames assets and (iii) the impairment of an investment. These charges reflect the decline in their fair value below their carrying value, primarily as a result of reduced market valuations for vehicle services and other companies, as well as reduced profit forecasts due to soft economic conditions and increased financing costs. In 2007, we recorded an approximately \$1.2 billion (\$1.1 billion, net of tax) non-cash charge for the impairment of goodwill at each of our reporting units to reflect the decline in their fair value as evidenced by a decline in the market value of our common stock.

Income from discontinued operations, net of tax, primarily represents a tax benefit realized as a result of certain elections made in connection with the disposition of Travelport on income tax returns filed during 2007.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Consolidated Financial Statements and accompanying Notes thereto included elsewhere herein. Unless otherwise noted, all dollar amounts in tables are in millions and those relating to our results of operations are presented before taxes.

We operate two of the most recognized brands in the global vehicle rental industry, Avis and Budget. We provide car and truck rentals and ancillary services to businesses and consumers worldwide.

In conjunction with the October 2011 acquisition of Avis Europe plc (“Avis Europe” and the “Avis Europe Acquisition”) and our increased global presence, we re-aligned components of our operating structure. We now operate in the following business segments:

- **North America**—provides car rentals in the United States and vehicle rentals in Canada, as well as related products and services.
- **International**—provides, and licenses the Company’s brands to third parties for, vehicle rentals and ancillary products and services in Europe, the Middle East, Asia, Africa, South America, central America, the Caribbean, Australia and New Zealand.
- **Truck Rental**—provides truck rentals and related services to consumers and commercial users in the United States.

Our revenues are derived principally from car and truck rentals in our Company-owned operations and include (i) time and mileage (“T&M”) fees charged to our customers for vehicle rentals, (ii) reimbursement from our customers for certain operating expenses we incur, including gasoline and vehicle licensing fees, as well as airport concession fees, which we pay in exchange for the right to operate at airports and other locations, and (iii) sales of loss damage waivers and insurance and rentals of navigation units and other items in conjunction with vehicle rentals. We also earn royalty revenue from our licensees in conjunction with their vehicle rental transactions.

Car rental volumes are closely associated with the travel industry, particularly airline passenger volumes, or enplanements. Because we generate a significant portion of our revenue from our on-airport operations, we expect that our ability to generate revenue growth will be somewhat dependent on increases in worldwide enplanements. Our ability to achieve profit margins consistent with prior periods remains dependent on our ability to successfully manage our costs and our revenues per vehicle. Our vehicle rental operations are seasonal. Historically, the third quarter of the year has been our strongest quarter due to the increased level of leisure travel and household moving activity. Any occurrence that disrupts rental activity during the third quarter could have a disproportionate adverse effect on our results of operations. We have a partially variable cost structure and routinely adjust the size and, therefore, the cost of our rental fleet in response to fluctuations in demand. However, certain expenses, such as rent, are fixed and cannot be reduced in response to seasonal fluctuations in our operations.

We believe that the following factors, among others, may affect and/or impact our financial condition and results of operations:

- Worldwide enplanements;
- Fleet, pricing, marketing and strategic decisions made by us and by our competitors;
- Changes in per-unit car fleet costs and in conditions in the used vehicle marketplace;
- Changes in borrowing costs and in market willingness to purchase corporate and vehicle-related debt;
- Our 2011 acquisition of Avis Europe and our ability to successfully integrate its business and realize synergies;

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- Changes in foreign exchange rates; and
- Demand for truck rentals.

We believe that the worldwide economic recovery during 2010 and 2011 has been modest, and that demand for vehicle rental services has remained below levels seen prior to the 2008-09 recession. Historically, our results of operations have declined during periods of general economic weakness. If economic conditions in the countries in which we operate were to weaken, our results of operations could be materially and adversely impacted in 2012 and beyond. As discussed further below, vehicle depreciation costs in 2011 declined significantly compared to 2010 amid a particularly strong used car market in the United States in 2011; we do not expect that such strength will continue into 2012 at the same levels that existed following the March 2011 earthquake in Japan. In our cost-reduction initiatives and restructuring activities, we are driving process improvements to reduce costs, enhance service to our customers and improve our operations.

In connection with the Avis Europe Acquisition, we incurred incremental indebtedness, which will have a material impact on our operations, financial condition and liquidity. We may pursue future acquisitions or investments and could incur additional indebtedness to help fund such transactions, which could have a material impact on our operations, financial condition and liquidity.

Due to uncertainties related to our business, there can be no assurance that we will be able to satisfy the covenants contained in our senior credit facilities and our asset-backed car rental conduit facilities. Failure to comply with such covenants could significantly impact our liquidity if we were unable to obtain an amendment or waiver or were unable to refinance or replace such facilities. See “Risk Factors—Risks related to our indebtedness”. There can also be no assurance that 2011 results will be indicative of results we will achieve in 2012 or other future periods.

RESULTS OF OPERATIONS

Discussed below are our consolidated results of operations and the results of operations for each of our reportable segments. The results of operations of North America and International for all periods presented have been recast to conform to the current alignment of our reportable segments. The North America segment now includes our vehicle rental operations in Canada. Our Canadian operations were previously a component of our International segment.

We measure performance using the following key operating statistics: (i) rental days, which represents the total number of days (or portion thereof) a vehicle was rented, and (ii) T&M revenue per rental day, which represents the average daily revenue we earned from rental and mileage fees charged to our customers. Our car rental operating statistics (rental days and T&M revenue per rental day) are all calculated based on the actual rental of the vehicle during a 24-hour period. We believe that this methodology, while conservative, provides our management with the most relevant statistics in order to manage the business. Our calculation may not be comparable to other companies’ calculation of similarly-titled statistics.

Our chief operating decision maker assesses performance and allocates resources based upon the separate financial information from the Company’s operating segments (see Note 22 to our Consolidated Financial Statements for further information). In identifying our reportable segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon revenue and “Adjusted EBITDA”, which we define as income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, transaction-related costs, non-vehicle related interest and income taxes. During 2011, management revised the manner in which it evaluates its operating results by excluding transaction-related costs from “Adjusted EBITDA” for all periods presented. Our presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

[Table of Contents](#)**Year Ended December 31, 2011 vs. Year Ended December 31, 2010**

Our consolidated results of operations comprised the following:

	Year Ended December 31,		Change
	2011	2010	
Net revenues	\$ 5,900	\$ 5,185	\$ 715
Total expenses	5,864	5,113	751
Income before income taxes	36	72	(36)
Provision for income taxes	65	18	47
Net income (loss)	\$ (29)	\$ 54	\$ (83)

During 2011, our net revenues increased \$715 million (14%), with approximately half of our revenue growth due to the Avis Europe Acquisition in fourth quarter 2011 and the inclusion of its revenue, in our results. For the year, we achieved a 12% increase in T&M revenue driven by an increase of 13% in North American and international car rental days and a 7% increase in truck rental days. The growth in revenues also includes a 20% increase in our ancillary revenues, such as sales of loss damage waivers and insurance products, GPS navigation unit rentals, gasoline sales and fees charged to customers, and a \$78 million favorable effect related to the translation of our international results into U.S. dollars.

Total expenses increased \$751 million (15%), with approximately half of the increase due to the results of Avis Europe. The total expense increase was due to (i) our \$409 million (16%) increase in direct operating expenses largely resulting from costs associated with the 13% increase in car rental days; (ii) a \$241 million increase in transaction-related costs primarily for due-diligence and other costs related to the Avis Europe Acquisition, including a \$117 million non-cash charge related to the unfavorable license rights we reacquired and \$49 million of losses on foreign-currency transactions related to the Avis Europe Acquisition; (iii) a \$187 million (33%) increase in selling, general and administrative expenses primarily because of the Avis Europe acquisition and our strategic decision to invest in incremental advertising and marketing, as well as increased agency commissions and other costs related to higher rental volumes; and (iv) a \$49 million increase in interest expense on corporate debt due to increased indebtedness, primarily related to Avis Europe Acquisition. These year-over-year increases were partially offset by (i) a \$64 million (5%) decrease in vehicle depreciation and lease charges resulting from a decline in our per-unit depreciation, which include gains on sale of vehicles, (ii) the absence of the prior-year \$52 million expense related to the extinguishment of a portion of our corporate debt and associated interest rate swaps, and (iii) an \$18 million decrease in vehicle interest expense. Our expenses also include a \$67 million adverse impact from foreign currency exchange rates. As a result of these items, and a \$47 million increase in our provision for income taxes, we incurred a net loss of \$29 million.

For 2011, our income tax provision was \$65 million due to the non-deductibility of many of the transaction-related costs related to the Avis Europe Acquisition. For 2010, our effective tax rate was 25%.

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Following is a more detailed discussion of the results of each of our reportable segments:

	Revenues			Adjusted EBITDA		
	2011	2010	% Change	2011	2010	% Change
North America	\$4,495	\$4,260	6%	\$442	\$266	66%
International	1,028	555	85%	127	114	11%
Truck Rental	376	367	2%	49	34	44%
Corporate and Other ^(a)	1	3	*	(13)	(16)	*
Total Company	\$5,900	\$5,185	14%	605	398	
Less: Non-vehicle related depreciation and amortization				95	90	
Interest expense related to corporate debt, net:						
Interest expense				219	170	
Early extinguishment of debt				—	52	
Transaction-related costs ^(b)				255	14	
Income before income taxes				\$ 36	\$ 72	

* Not meaningful.

^(a) Includes unallocated corporate overhead and the elimination of transactions between segments.

^(b) During 2011, we incurred transaction-related costs of \$255 million related to the Avis Europe Acquisition (including a \$117 million non-cash charge related to the reacquired unfavorable license rights, \$49 million of losses on foreign-currency transactions related to the acquisition and \$89 million in due-diligence and other costs) and our previous efforts to acquire Dollar Thrifty. In 2010, we incurred \$14 million of transaction-related costs related to our previous efforts to acquire Dollar Thrifty.

North America

Revenues and Adjusted EBITDA increased \$235 million (6%) and \$176 million (66%), respectively, during 2011 compared with 2010. Revenues increased primarily due to higher rental volumes, partially offset by decreased pricing. The increase in Adjusted EBITDA was primarily due to higher revenue and lower fleet costs.

The revenue increase of \$235 million was comprised of a \$129 million (4%) increase in T&M revenue and a \$106 million (10%) increase in ancillary revenues. The total revenue increase includes a \$17 million increase related to foreign currency exchange rates and was largely offset in Adjusted EBITDA by the opposite impact on expenses of \$15 million. The increase in T&M revenue was principally the result of a 6% increase in rental days, partially offset by a 2% decrease in T&M revenue per day. The \$106 million increase in ancillary revenues reflects (i) a \$54 million increase in ancillary revenues from GPS rentals, sales of loss damage waivers and insurance products, emergency road service and other items, reflecting a 5% increase on a per-rental-day basis, (ii) a \$30 million increase in airport concession and vehicle licensing revenue, which was partially offset in Adjusted EBITDA by \$18 million higher airport concession and vehicle licensing fees remitted to airport and other regulatory agencies, and (iii) a \$22 million increase in gasoline sales, which was more than offset in Adjusted EBITDA by \$38 million higher gasoline expense.

While we continued to achieve significant benefits from our cost-saving initiatives, Adjusted EBITDA reflected a \$183 million (9%) increase in operating expenses, primarily related to (i) a \$92 million (20%) increase in selling, general and administrative expenses principally due to our strategic decision to invest in incremental advertising, marketing and selling expenditures, as well as higher variable costs related to increased rental volumes, (ii) a \$55 million (8%) increase in certain other expenses related to increased volumes, including agency operator commissions, maintenance and damage, shuttling, credit card fees, and other related costs, and (iii) a \$36 million (5%) increase in employee costs, rents and other expenses related primarily to increased staffing levels due to volume and inflationary increases.

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Adjusted EBITDA benefited from (i) \$155 million (14%) decreased fleet depreciation and lease charges, reflecting a 20% improvement in per-unit fleet costs, including significant gains on sale of vehicles amid a particularly strong used car market for the better part of 2011, partially offset by an 8% increase in the average size of our car rental fleet, and (ii) a \$25 million (9%) decrease in vehicle interest expense due to lower interest rates on our vehicle debt.

International

Revenues and Adjusted EBITDA increased \$473 million (85%) and \$13 million (11%), respectively, during 2011 compared to 2010 primarily due to the Avis Europe Acquisition during fourth quarter 2011, movements in currency exchange rates and increased rental volumes. The Avis Europe Acquisition contributed \$359 million to revenue and had no effect on Adjusted EBITDA in 2011.

The revenue increase of \$473 million was comprised of a \$315 million (88%) increase in T&M revenue and a \$158 million (79%) increase in ancillary revenues. The total increase in revenue includes a \$61 million increase related to foreign currency exchange rates, impacting T&M revenue by \$40 million and ancillary revenues by \$21 million, and was largely offset in Adjusted EBITDA by the opposite impact on expenses of \$52 million. The increase in T&M revenue was principally driven by an 86% increase in rental days, mainly due to the inclusion of the revenues after the acquisition, and a 1% increase in T&M revenue per rental day (the increase in pricing was entirely the result of the foreign currency exchange-rate effects). The increase in ancillary revenues reflects (i) a \$97 million increase from GPS rentals, sales of loss damage waivers, insurance products and other items, (ii) a \$37 million increase in airport concession and vehicle licensing revenues, which was more than offset in Adjusted EBITDA by \$41 million of higher airport concession and vehicle licensing fees remitted to airport and other regulatory authorities, and (iii) a \$24 million increase in gasoline sales, which was principally offset in Adjusted EBITDA by \$19 million higher gasoline expense.

Adjusted EBITDA reflected a \$293 million (117%) increase in operating expenses and a \$106 million (103%) increase in fleet depreciation and lease charges. These increases were principally due to the Avis Europe Acquisition, which added to our operating locations, headcount, fleet and other operating expenses, as well as increased advertising, marketing and sales commissions, inflationary increases in rent and modestly higher per-unit fleet costs.

Truck Rental

Revenues and Adjusted EBITDA increased \$9 million (2%) and \$15 million (44%), respectively, in 2011 compared with 2010.

Revenues increased as a result of a 7% increase in rental days, primarily from increased commercial volume, while T&M revenue per day decreased 3%. The increase in rental days and the decrease in average daily rate both reflect our successful initiative to increase commercial rental volumes, which carry a lower average daily rate but a longer length-of-rental which helped us increase vehicle utilization 10% in 2011. Adjusted EBITDA benefited from the increase in revenue and an \$18 million (24%) decline in fleet depreciation, interest and lease charges, reflecting a 22% decline in per-unit fleet costs and a 3% decline in our average truck rental fleet. The increase in Adjusted EBITDA was partially offset by a \$14 million increase in maintenance and damage expenditures due to increased rental volumes and incremental vehicle repairs.

Corporate and Other

Revenues decreased \$2 million and Adjusted EBITDA increased \$3 million in 2011 compared with 2010. Adjusted EBITDA increased primarily due to a decrease in professional services fees.

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Our consolidated results of operations comprised the following:

	Year Ended December 31,		Change
	2010	2009	
Net revenues	\$ 5,185	\$ 5,131	\$ 54
Total expenses	5,113	5,208	(95)
Income (loss) before income taxes	72	(77)	149
Provision for (benefit from) income taxes	18	(30)	48
Net income (loss)	<u>\$ 54</u>	<u>\$ (47)</u>	<u>\$ 101</u>

In 2010, our net revenues increased \$54 million (1%) principally due to a 6% increase in ancillary and other revenues, such as sales of loss damage waivers and insurance products, gasoline sales and fees charged to customers. This increase in ancillary revenue was partially offset by a 1% decrease in T&M revenue in our car rental operations, resulting primarily from a 2% decline in North America and international car rental days partially mitigated by a 1% increase in T&M revenue per rental day. In addition, the increase in revenue reflected a \$97 million favorable effect related to the translation of our international operations' results into U.S. dollars.

Total expenses decreased \$95 million (2%) principally due to (i) a \$138 million (10%) decrease in vehicle depreciation and lease charges resulting from a 9% decline in car per-unit fleet costs and a 1% decline in our average car rental fleet; (ii) the absence of the \$33 million in impairment charges recorded in 2009; (iii) a \$20 million (1%) decrease in direct operating expenses largely resulting from the 2% decrease in car rental days, reduced staffing levels, other cost-saving actions and the absence of the \$18 million charge recorded in 2009 for a litigation judgment against us related to the 2002 acquisition of our Budget vehicle rental business; and (iv) a \$9 million decrease in restructuring costs. These year-over-year decreases were partially offset by (i) a \$52 million expense related to the early extinguishment of a portion of our corporate debt and associated interest rate swaps; (ii) a \$32 million increase in selling, general and administrative expenses primarily related to increased marketing and commission expenditures, but also including \$14 million of due-diligence and other costs associated with our previous efforts to acquire Dollar Thrifty; (iii) a \$17 million increase in interest expense on corporate debt; and (iv) a \$10 million increase in vehicle interest. The decrease in total expenses includes an adverse impact from foreign currency exchange rates of \$80 million. As a result of these items, offset by a \$48 million increase in our provision for income taxes, our net income increased by \$101 million during 2010 compared to 2009.

Our effective tax rate was a provision of 25.0% for 2010, which differed from the U.S. federal statutory rate primarily due to a benefit relating to additional tax depreciation within our operations in Australia. For 2009, our effective tax rate was a benefit of 39.0%.

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Following is a more detailed discussion of the results of each of our reportable segments:

	Revenues			Adjusted EBITDA		
	2010	2009	% Change	2010	2009	% Change
North America	\$4,260	\$4,297	(1)%	\$266	\$140	90%
International	555	478	16%	114	94	21%
Truck Rental	367	354	4%	34	13	162%
Corporate and Other ^(a)	3	2	*	(16)	(42)	*
Total Company	\$5,185	\$5,131	1%	398	205	
Less: Non-vehicle related depreciation and amortization				90	96	
Interest expense related to corporate debt, net:						
Interest expense				170	153	
Early extinguishment of debt				52	—	
Impairment ^(b)				—	33	
Transaction-related costs ^(c)				14	—	
Income (loss) before income taxes				<u>\$ 72</u>	<u>\$ (77)</u>	

* Not meaningful.

(a) Includes unallocated corporate overhead and the elimination of transactions between segments. For 2009, includes an \$18 million charge for a litigation judgment against us related to the 2002 acquisition of our Budget vehicle rental business.

(b) In 2009, we recorded impairment charges of \$33 million primarily related to an investment.

(c) In 2010, we recorded transaction-related costs of \$14 million associated with our previous efforts to acquire Dollar Thrifty.

North America

Revenues decreased \$37 million (1%) in 2010 compared with 2009 primarily due to decreased car rental volumes, while Adjusted EBITDA increased \$126 million (90%), primarily due to reduced fleet costs and lower operating expenses.

The year-over-year change in revenue was comprised of a \$85 million (3%) decrease in T&M revenue and a \$48 million (5%) increase in ancillary and other revenues. The decrease in T&M revenue was principally the result of a 2% decrease in rental days, entirely in the first half of the year, and a 1% decrease in T&M revenue per day. The increase in ancillary revenue was primarily due to (i) a \$24 million increase in sales of loss damage waivers, insurance products and emergency roadside services, and fees charged to customers, (ii) a \$14 million increase in airport concession and vehicle licensing revenue, partially offset in Adjusted EBITDA by \$4 million of higher airport concession and vehicle licensing fees remitted to airport and other regulatory agencies, and (iii) an \$10 million increase in gasoline sales, which was more than offset in Adjusted EBITDA by \$15 million of higher gasoline expense. In addition, the increase in revenue reflected a \$31 million favorable effect related to the translation of our Canadian operations' results into U.S. dollars.

Adjusted EBITDA benefited from \$139 million (11%) of decreased fleet depreciation and lease charges, reflecting a 10% decrease in per-unit fleet costs and a 1% decrease in the average size of our North America rental fleet. We continued to achieve significant cost savings during 2010 as a result of our cost-saving initiatives, as Adjusted EBITDA also reflected a \$46 million (2%) decrease in operating expenses, including (i) a \$52 million decrease in expenses related to car rental volume including maintenance and damage, agency operator commissions, credit card fees, and other costs, and (ii) a \$23 million decrease in employee costs, rents and other expenses related primarily to reduced staffing levels and the closure of unprofitable locations. These

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cost decreases were partially offset by (i) an \$18 million increase in vehicle interest primarily driven by higher vehicle-backed debt balances, (ii) a \$12 million increase in insurance related costs, and (iii) a \$10 million increase in selling, general and administrative expenses primarily for marketing expenditures.

International

Revenues and Adjusted EBITDA increased \$77 million (16%) and \$20 million (21%), respectively, in 2010 compared with 2009, primarily due to the impact of foreign currency exchange movements, increased ancillary revenues and lower fleet costs on a constant-currency basis.

The revenue increase was comprised of a \$48 million (16%) increase in T&M revenue and a \$29 million (17%) increase in ancillary and other revenues. The total increase in revenue includes a \$67 million increase related to foreign currency exchange rates, impacting T&M revenue by \$43 million and ancillary and other revenues by \$24 million, and was largely offset in Adjusted EBITDA by the impact of exchange-rate movements on expenses of \$51 million. The increase in T&M revenue was principally driven by a 14% increase in T&M revenue per rental day (which was entirely due to foreign exchange-rate effects), while rental days remained essentially unchanged.

Adjusted EBITDA reflected a \$34 million (16%) increase in operating expenses and a \$10 million (11%) increase in fleet depreciation and lease charges, primarily due to foreign-exchange effects. Our per-unit fleet costs decreased 10% excluding the impact of currency exchange rates, and the average size of our International rental fleet remained essentially unchanged.

Truck Rental

Revenues and Adjusted EBITDA increased \$13 million (4%) and \$21 million, respectively, in 2010 compared with 2009.

T&M revenue increased \$13 million as a result of a 5% increase in rental days, primarily from increased commercial volume, while T&M revenue per day remained unchanged. Adjusted EBITDA benefited from the increase in revenue and a \$15 million (17%) decline in fleet depreciation, interest and lease charges, reflecting a 10% decline in per-unit fleet costs and an 8% decline in our average truck rental fleet.

Corporate and Other

Revenues and Adjusted EBITDA increased \$1 million and \$26 million, respectively in 2010 compared with 2009.

Adjusted EBITDA increased primarily due to the absence of expenses recorded in 2009 for (i) an \$18 million charge related to a litigation judgment against us related to the 2002 acquisition of our Budget vehicle rental business and (ii) our share of the 2009 results of an equity-method investment.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

We present separately the financial data of our vehicle programs. These programs are distinct from our other activities as the assets under vehicle programs are generally funded through the issuance of debt that is collateralized by such assets. The income generated by these assets is used, in part, to repay the principal and interest associated with the debt. Cash inflows and outflows relating to the generation or acquisition of such assets and the principal debt repayment or financing of such assets are classified as activities of our vehicle programs. We believe it is appropriate to segregate the financial data of our vehicle programs because, ultimately, the source of repayment of such debt is the realization of such assets.

FINANCIAL CONDITION

	As of December 31,		Change
	2011	2010	
Total assets exclusive of assets under vehicle programs	\$ 3,848	\$ 3,462	\$ 386
Total liabilities exclusive of liabilities under vehicle programs	5,598	3,962	1,636
Assets under vehicle programs	9,090	6,865	2,225
Liabilities under vehicle programs	6,928	5,955	973
Stockholders' equity	412	410	2

Total assets exclusive of assets under vehicle programs at December 31, 2011 increased \$386 million from December 31, 2010, primarily due to the Avis Europe Acquisition. This is principally reflected in increases in goodwill and other intangibles of \$285 million and \$247 million, respectively, related to the allocation of the Avis Europe Acquisition purchase price. Increases of \$192 million in trade receivables, \$98 million in other current assets, \$68 million in property and equipment and \$49 million in other non-current assets were primarily the result of the Avis Europe Acquisition. These increases are partially offset by a \$377 million decrease in cash and cash equivalents primarily related to payment for the Avis Europe Acquisition (see "Liquidity and Capital Resources—Cash Flows") and a \$153 million decrease in deferred income tax assets.

Total liabilities exclusive of liabilities under vehicle programs increased approximately \$1.6 billion primarily due to the Avis Europe Acquisition. Long-term debt increased \$674 million, principally to fund the Avis Europe Acquisition. The \$508 million increase in accounts payable and other current liabilities and the \$425 million increase in other non-current liabilities were primarily due to assuming Avis Europe's liabilities.

Assets under vehicle programs increased approximately \$2.2 billion, primarily due to (i) the inclusion of Avis Europe's vehicle rental fleet and related assets and (ii) an increase in the size of our North American vehicle rental fleet to accommodate increased rental demand.

Liabilities under vehicle programs increased approximately \$1.0 billion, reflecting the impact of the Avis Europe Acquisition and additional borrowing to support the increase in our North American vehicle rental fleet. See "Liquidity and Capital Resources—Debt and Financing Arrangements" for a detailed account of the change in our debt related to vehicle programs.

Stockholders' equity increased \$2 million in 2011.

LIQUIDITY AND CAPITAL RESOURCES**Overview**

Our principal sources of liquidity are cash on hand and our ability to generate cash through operations and financing activities, as well as available funding arrangements and committed credit facilities, each of which is discussed below.

During 2011, we issued \$250 million in senior notes and borrowed \$440 million through floating rate term loans, using the proceeds to partially fund the Avis Europe Acquisition and to repay a portion of assumed Avis Europe's outstanding corporate indebtedness. We increased our outstanding debt under vehicle programs, through the issuance of notes to finance the North America vehicle rental fleet, capital leases and other financing arrangements to primarily finance our international fleet and indebtedness assumed with Avis Europe.

[Table of Contents](#)**Cash Flows****Year Ended December 31, 2011 vs. Year Ended December 31, 2010**

At December 31, 2011, we had \$534 million of cash on hand, a decrease of \$377 million from \$911 million at December 31, 2010. The following table summarizes such decrease:

	Year Ended December 31,		Change
	2011	2010	
Cash provided by (used in):			
Operating activities	\$ 1,578	\$ 1,640	\$ (62)
Investing activities	(2,373)	(1,603)	(770)
Financing activities	424	380	44
Effects of exchange rate changes	(6)	12	(18)
Net change in cash and cash equivalents	<u>\$ (377)</u>	<u>\$ 429</u>	<u>\$ (806)</u>

During 2011, we generated \$62 million less cash from operating activities compared with 2010. This change principally represented the absence of the 2010 reimbursement from Realogy and Wyndham.

We used \$770 million more cash in investing activities during 2011 compared with 2010. This change primarily reflects the Avis Europe Acquisition. The cash used for the acquisition was slightly offset by the activities of our vehicle programs, in which we used \$74 million less cash in 2011, primarily due to an increase in proceeds received on the disposition of vehicles. We anticipate that our non-vehicle capital expenditure will approximate \$125 million in 2012.

We generated \$44 million more cash from financing activities during 2011 compared with 2010. This change primarily reflects a \$526 million net increase in cash provided from our vehicle programs' financing activities due primarily to increased borrowings in 2011, partially offset by a net decrease in cash provided by proceeds from and payments on corporate borrowings of \$441 million in 2011 compared to 2010 due primarily to higher proceeds raised in 2010 and subsequently used for corporate debt repayments.

Year Ended December 31, 2010 vs. Year Ended December 31, 2009

At December 31, 2010, we had \$911 million of cash on hand, an increase of \$429 million from \$482 million at December 31, 2009. The following table summarizes such increase:

	Year Ended December 31,		Change
	2010	2009	
Cash provided by (used in):			
Operating activities	\$ 1,640	\$ 1,491	\$ 149
Investing activities	(1,603)	166	(1,769)
Financing activities	380	(1,465)	1,845
Effects of exchange rate changes	12	32	(20)
Net change in cash and cash equivalents	<u>\$ 429</u>	<u>\$ 224</u>	<u>\$ 205</u>

In 2010, we generated \$149 million more cash from operating activities compared with 2009. The change principally resulted from the reimbursement from Wyndham for the use of certain of our tax attributes in connection with the conclusion of the IRS audit and improved operating results, partially offset by the termination of interest rate swaps in 2010.

We used approximately \$1.8 billion more cash in investing activities in 2010 compared with 2009. This change primarily reflects the activities of our vehicle programs, which used approximately \$1.3 billion more cash to

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purchase vehicles and received \$825 million less in proceeds from the disposition of vehicles. The use of cash in investing activities in 2010 reflects a more typical pattern for us, whereas the 2009 result reflects the effects of our reducing our fleet size in response to particularly weak economic conditions and demand for travel services.

We generated approximately \$1.8 billion more cash from financing activities in 2010 compared with 2009. This change primarily reflects an approximately \$1.8 billion net increase in cash provided from our vehicle programs' financing activities due to our use of cash in financing activities in 2009 for significant debt repayment associated with reducing our fleet size in response to weak economic conditions as discussed above.

Debt and Financing Arrangements

At December 31, 2011, we had approximately \$8.8 billion of indebtedness (including corporate indebtedness of approximately \$3.2 billion and debt under vehicle programs of approximately \$5.6 billion).

Corporate indebtedness consisted of:

	Maturity Date	As of December 31,		Change
		2011	2010	
Floating Rate Term Loan ^{(a) (b)}	April 2014	\$ 267	\$ 271	\$ (4)
Floating Rate Senior Notes ^(b)	May 2014	250	250	—
7 ⁵ / ₈ % Senior Notes	May 2014	200	200	—
3 ¹ / ₂ % Convertible Senior Notes ^(c)	October 2014	345	345	—
7 ³ / ₄ % Senior Notes	May 2016	375	375	—
Floating Rate Term Loan ^{(a) (d)}	May 2016	20	—	20
9 ⁵ / ₈ % Senior Notes	March 2018	445	444	1
Floating Rate Term Loan ^{(a) (d)}	September 2018	412	—	412
8 ¹ / ₄ % Senior Notes	January 2019	602	602	—
9 ³ / ₄ % Senior Notes ^(e)	March 2020	250	—	250
		<u>3,166</u>	<u>2,487</u>	<u>679</u>
Other		39	15	24
		<u>\$3,205</u>	<u>\$2,502</u>	<u>\$ 703</u>

^(a) The floating rate term loans are part of our senior credit facilities, which also includes our revolving credit facility maturing 2016, and is secured by pledges of all of the capital stock of our domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of our intellectual property and certain other real and personal property.

^(b) As of December 31, 2011, the floating rate term loan due 2014 bears interest at the greater of three-month LIBOR or 1.50% plus 425 basis points for an aggregate rate of 5.75% and the floating rate notes due 2014 bear interest at three-month LIBOR plus 250 basis points, for an aggregate rate of 3.08%. We use various hedging strategies, including derivative instruments, to manage a portion of the risks associated with our floating rate debt.

^(c) The 3 ¹/₂% convertible notes are convertible by the holders into approximately 21 million shares of our common stock.

^(d) As of December 31, 2011, the floating rate term loan due 2016 bears interest at three-month LIBOR plus 300 basis points, for an aggregate rate of 3.58% and the floating rate term loan due 2018 bears interest at the greater of three-month LIBOR or 1.25% plus 500 basis points, for an aggregate rate of 6.25%. Proceeds were used to partially fund the Avis Europe Acquisition.

^(e) During October 2011, we issued the 9 ³/₄% notes at par. Proceeds were used to partially fund the Avis Europe Acquisition.

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The following table summarizes the components of our debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding (AESOP) LLC (“Avis Budget Rental Car Funding”)):

	As of December 31,		Change
	2011	2010	
Debt due to Avis Budget Rental Car Funding ^(a)	\$ 4,574	\$ 3,987	\$ 587
Budget Truck financing ^(b)	188	244	(56)
Capital leases ^(c)	348	—	348
Other ^(d)	454	284	170
	<u>\$ 5,564</u>	<u>\$ 4,515</u>	<u>\$ 1,049</u>

^(a) The increase reflects increased borrowing within North America operations, principally due to an increase in the size of our North American car rental fleet.

^(b) The decrease reflects principal payments on borrowings.

^(c) The increase reflects the inclusion of capital lease arrangements related to Avis Europe’s vehicle rental fleet.

^(d) The increase primarily reflects an increase in borrowings related to an increase in the size of our international fleet, primarily as a result of the Avis Europe Acquisition.

The following table provides the contractual maturities for our corporate debt and our debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding) at December 31, 2011:

	Corporate Debt	Debt under Vehicle Programs
Due in 2012	\$ 37	\$ 2,184
Due in 2013	10	780
Due in 2014	1,064	865
Due in 2015	8	798
Due in 2016	393	883
Thereafter	1,693	54
	<u>\$ 3,205</u>	<u>\$ 5,564</u>

At December 31, 2011, we had approximately \$4.6 billion of available funding under our various financing arrangements (comprised of \$766 million of availability under our credit facilities and approximately \$3.8 billion available for use in our vehicle programs). As of December 31, 2011, the committed non-vehicle-backed credit facilities available to us and/or our subsidiaries included:

	Total Capacity	Outstanding Borrowings	Letters of Credit Issued	Available Capacity
Revolving credit facility maturing 2016 ^(a)	\$ 1,400	\$ —	\$ 643	\$ 757
Other facilities ^(b)	11	2	—	9

^(a) This revolving credit facility matures in April 2016 and bears interest of one month LIBOR plus 300 basis points. The senior credit facilities, which encompass our floating rate term loans and revolving credit facility, are secured by pledges of all of the capital stock of all of our domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of our intellectual property and certain other real and personal property.

^(b) These facilities encompass bank overdraft lines of credit, bearing interest of 5.14%-7.25% as of December 31, 2011.

At December 31, 2011, the Company had various uncommitted credit facilities available, under which it had drawn approximately \$25 million, which bear interest at rates of 0.50%-3.58%.

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The following table presents available funding under our debt arrangements related to our vehicle programs at December 31, 2011:

	Total Capacity ^(a)	Outstanding Borrowings	Available Capacity
Debt due to Avis Budget Rental Car Funding ^(b)	\$ 7,199	\$ 4,574	\$ 2,625
Budget Truck financing ^(c)	188	188	—
Capital leases	542	348	194
Other ^(d)	1,479	454	1,025
	<u>\$ 9,408</u>	<u>\$ 5,564</u>	<u>\$ 3,844</u>

(a) Capacity is subject to maintaining sufficient assets to collateralize debt.

(b) The outstanding debt is collateralized by approximately \$6.3 billion of underlying vehicles and related assets.

(c) The outstanding debt is collateralized by \$302 million of underlying vehicles and related assets.

(d) The outstanding debt is collateralized by approximately \$1.7 billion of underlying vehicles and related assets.

The significant terms for our outstanding debt instruments, credit facilities and available funding arrangements as of December 31, 2011, can be found in Notes 15 and 16 to our Consolidated Financial Statements.

LIQUIDITY RISK

Our primary liquidity needs include the payment of operating expenses, servicing of corporate and vehicle-related debt and procurement of rental vehicles to be used in our operations. The present intention of management is to reinvest the undistributed earnings of its foreign subsidiaries indefinitely in its foreign operations. We do not anticipate the need to repatriate funds to the U.S. to service corporate debt. Our primary sources of funding are operating revenue, cash received upon sale of vehicles, borrowings under our vehicle-backed borrowing arrangements and our revolving credit facility, and other financing activities.

As we discussed above, as of December 31, 2011, we have cash and cash equivalents of \$534 million, available borrowing capacity under our committed facilities of \$766 million, and available capacity under our vehicle programs of approximately \$3.8 billion.

Our liquidity position may be negatively affected by financial market disruptions or a downturn in the U.S. and worldwide economies, which may result in unfavorable conditions in the vehicle rental industry, in the asset-backed financing market, and in the credit markets generally. We believe these factors have affected and could affect the debt ratings assigned to us by credit rating agencies and the cost of our borrowings. Additionally, a downturn in the worldwide economy or a disruption in the credit markets could impact our liquidity due to (i) decreased demand and pricing for vehicles in the used vehicle market, (ii) increased costs associated with, and/or reduced capacity or increased collateral needs under, our financings, (iii) the adverse impact of vehicle manufacturers, including General Motors Company, Ford Motor Company, Chrysler LLC, PSA Peugeot Citroën, Volkswagen Group, Kia Motors America, Inc., Hyundai Motor America, Toyota Motor Corporation, Renault, S.A., Mitsubishi Motors Corporation and Fiat Group Automobiles S.p.A. being unable or unwilling to honor their obligations to repurchase or guarantee the depreciation on the related program vehicles, (iv) disruption in our ability to obtain financing due to negative credit events specific to us or affecting the overall debt market, (v) the impact of an insolvency event or actual or potential default by any of the financial guaranty firms that have insured a portion of our outstanding vehicle-backed debt and (vi) the effect of any of Realogy, Wyndham or Travelport being unable or unwilling to honor their respective obligations under the Separation Agreement and the Tax Sharing Agreement. Financial guaranty firms Ambac Assurance Corporation and Assured Guaranty Corp. currently provide financial guaranties for approximately \$900 million (expiring in 2012) and \$208 million (expiring in 2012), respectively, of our U.S. term asset-backed car rental financing. Certain insolvency events by these financial guarantors would result in principal of the related financings being required to be repaid sooner than anticipated.

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Our liquidity position also may be negatively affected if we are unable to remain in compliance with the financial and other covenants associated with our senior credit facilities and other borrowings. The financial covenants of our senior credit facilities include maximum leverage and minimum coverage ratio requirements. As of December 31, 2011, we were in compliance with the financial covenants in our senior credit facilities.

Contractual Obligations

The following table summarizes our principal future contractual obligations as of December 31, 2011:

	2012	2013	2014	2015	2016	Thereafter	Total
Corporate debt ^(a)	\$ 37	\$ 10	\$1,064	\$ 8	\$ 393	\$ 1,693	\$ 3,205
Debt under vehicle programs ^(b)	2,184	780	865	798	883	54	5,564
Debt interest	442	354	282	224	186	289	1,777
Operating leases ^(c)	516	377	272	205	157	784	2,311
Commitments to purchase vehicles ^(d)	5,245	—	—	—	—	—	5,245
Tax obligations ^(e)	—	—	—	—	—	169	169
Other purchase commitments ^(f)	93	32	22	5	—	—	152
	<u>\$8,517</u>	<u>\$1,553</u>	<u>\$2,505</u>	<u>\$1,240</u>	<u>\$1,619</u>	<u>\$ 2,989</u>	<u>\$18,423</u>

^(a) Consists primarily of the Company's approximately \$2.1 billion of fixed and floating rate senior notes, \$699 million of floating rate term loans and \$345 million of convertible senior notes.

^(b) Represents debt, including related party debt due to Avis Budget Rental Car Funding (see Note 16 to our Consolidated Financial Statements), and capital leases, which were issued to support the purchase of vehicles.

^(c) Operating lease obligations are presented net of sublease rentals to be received (see Note 17 to our Consolidated Financial Statements).

^(d) Represents commitments to purchase vehicles, the majority of which are from Ford Motor Company, General Motors Company and Chrysler Group LLC. These commitments are generally subject to the vehicle manufacturers satisfying their obligations under the repurchase and guaranteed depreciation agreements. The purchase of such vehicles is generally financed through financings under vehicle programs in addition to cash received upon the sale of vehicles, many of which were purchased under repurchase and guaranteed depreciation programs (see Note 17 to our Consolidated Financial Statements).

^(e) Primarily represents income tax uncertainties, \$16 million of which is subject to indemnification by Realogy and Wyndham. We are unable to estimate the period in which cash payments related to these income tax uncertainties are expected to be paid.

^(f) Primarily represents commitments under service contracts for information technology and telecommunications and marketing agreements with travel service companies.

For more information regarding guarantees and indemnifications, see Note 17 to our Consolidated Financial Statements.

ACCOUNTING POLICIES

Critical Accounting Policies

In presenting our financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported therein. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events and/or events that are outside of our control. If there is a significant unfavorable change to current conditions, it could result in a material adverse impact to our consolidated results of operations, financial position and liquidity. We believe that the estimates and assumptions we used when preparing our financial statements were the most appropriate at that time. Presented below are those accounting policies that we believe require

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subjective and complex judgments that could potentially affect reported results. However, our businesses operate in environments where we are paid a fee for a service performed, and therefore the results of the majority of our recurring operations are recorded in our financial statements using accounting policies that are not particularly subjective, nor complex.

Goodwill and Other Indefinite-lived Intangible Assets. We have reviewed the carrying value of our goodwill and other indefinite-lived intangible assets for impairment. In performing this review, we are required to make an assessment of fair value for our goodwill and other indefinite-lived intangible assets. When determining fair value, we utilize various consistent assumptions, including the fair market trading price of our common stock and management's projections of future cash flows. A change in these underlying assumptions will cause a change in the results of the tests and, as such, could cause the fair value to be less than the respective carrying amount. In such event, we would then be required to record a charge, which would impact earnings. We review the carrying value of goodwill and other indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred.

Our goodwill and other indefinite-lived intangible assets are allocated among our reporting units. During 2011, 2010 and 2009, there was no impairment of goodwill or other intangible assets.

Business Combinations. The Company uses the acquisition method of accounting for business combinations, which requires that the purchase price of acquired companies be allocated to the tangible and intangible assets acquired and the liabilities assumed, as applicable, at their respective estimated fair values at the date of acquisition.

Our assessment of the purchase price allocation and the related fair values requires management to make significant estimates and assumptions with respect to intangible assets. Examples of critical valuation assumptions used by management include projected future cash flows, the estimated weighted average cost of capital and market royalty rates. We believe that our estimates are based on reasonable assumptions and, in part, on historical experience and information obtained from the management of the acquired companies and are unpredictable and inherently uncertain, and actual results could differ from those assumptions.

Vehicles. We present vehicles at cost, net of accumulated depreciation, on the Consolidated Balance Sheets. We record the initial cost of the vehicle net of incentives and allowances from manufacturers. We acquire our rental vehicles either through repurchase and guaranteed depreciation programs with certain automobile manufacturers or outside of such programs. For rental vehicles purchased under such programs, we depreciate the vehicles such that the net book value on the date of sale or return to the manufacturers is intended to equal the contractual guaranteed residual values. For vehicles acquired outside of manufacturer repurchase and guaranteed depreciation programs, we depreciate based on the vehicles' estimated residual market values and their expected dates of disposition. See Note 2 to our Consolidated Financial Statements.

Income Taxes. We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been reflected in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent results of operations. In the event we were to determine that we would be able to realize deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes. Currently we do not record valuation allowances on the majority of our tax loss carryforwards as there are adequate deferred tax liabilities that could be realized within the carryforward period.

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We are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required to determine our worldwide provision for income taxes and to record the related assets and liabilities. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. Pursuant to the Tax Sharing Agreement entered into in connection with the separation of Cendant Corporation, as we were previously known, into four separate companies (the "Separation"), and the Separation Agreement, we are entitled to indemnification for non-Avis Budget Car Rental tax contingencies for taxable periods prior to and including the Separation.

The rules governing taxation are complex and subject to varying interpretations. Therefore, our tax accruals reflect a series of complex judgments about future events and rely heavily on estimates and assumptions. Although we believe the estimates and assumptions supporting our tax accruals are reasonable, the potential result of an audit or litigation related to tax could include a range of outcomes, and could result in tax liabilities for us that are materially different than those reflected in the Consolidated Financial Statements.

See Notes 2 and 9 to our Consolidated Financial Statements for more information regarding income taxes.

Financial Instruments. We estimate fair values for each of our financial instruments, including derivative instruments. Most of these financial instruments are not publicly traded on an organized exchange. In the absence of quoted market prices, we must develop an estimate of fair value using dealer quotes, present value cash flow models, option pricing models or other valuation methods, as appropriate. The use of these fair value techniques involves significant judgments and assumptions, including estimates of future interest rate levels based on interest rate yield curves, credit spreads of the Company and counterparties, volatility factors, and an estimation of the timing of future cash flows. The use of different assumptions may have a material effect on the estimated fair value amounts recorded in the financial statements, which are disclosed in Note 21 to our Consolidated Financial Statements. In addition, hedge accounting requires that, at the beginning of each hedge period, we justify an expectation that the relationship between the changes in fair value of derivatives designated as hedges compared to changes in the fair value of the underlying hedged items will be highly effective. This effectiveness assessment, which is performed at least quarterly, involves an estimation of changes in fair value resulting from changes in interest rates, as well as the probability of the occurrence of transactions for cash flow hedges. The use of different assumptions and changing market conditions may impact the results of the effectiveness assessment and ultimately the timing of when changes in derivative fair values and the underlying hedged items are recorded in earnings. See "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" for a discussion of the effect of hypothetical changes to these assumptions.

Public Liability, Property Damage and Other Insurance Liabilities. Insurance liabilities on our Consolidated Balance Sheets include supplemental liability insurance, personal effects protection insurance, public liability, property damage and personal accident insurance claims for which we are self-insured. We estimate the required liability of such claims on an undiscounted basis utilizing an actuarial method that is based upon various assumptions which include, but are not limited to, our historical loss experience and projected loss development factors. The required liability is also subject to adjustment in the future based upon changes in claims experience, including changes in the number of incidents and changes in the ultimate cost per incident.

Adoption of New Accounting Pronouncements

During 2011, we adopted the following standards as a result of the issuance of new accounting pronouncements:

- ASU No. 2010-06, "Fair Value Measurements and Disclosures", certain disclosure requirements were adopted on January 1, 2011, as required
- ASU No. 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts"
- ASU No. 2010-29, "Disclosure of Supplementary Pro Forma Information for Business Combinations"

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- ASU No. 2011-09, “Disclosures about an Employer’s Participation in a Multiemployer Plan”

On January 1, 2012, we adopted the following standard as a result of the issuance of new accounting pronouncements:

- ASU No. 2011-08, “Testing Goodwill for Impairment”
- ASU No. 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards”
- ASU No. 2011-05 and 2011-12, “Presentation of Comprehensive Income”

For detailed information regarding these pronouncements and the impact thereof on our business, see Notes 1 and 2 to our Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks, including changes in foreign currency exchange rates, interest rates and gasoline prices. The Avis Europe Acquisition has increased our foreign currency exchange risks. We manage our exposure to market risks through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments, particularly swap contracts, futures and options contracts, to manage and reduce the interest rate risk related to our debt; foreign currency forwards to manage and reduce foreign currency exchange rate risk; and derivative commodity instruments to manage and reduce the risk of changing unleaded gasoline prices.

We are exclusively an end user of these instruments. We do not engage in trading, market-making or other speculative activities in the derivatives markets. We manage our exposure to counterparty credit risk related to our use of derivatives through specific minimum credit standards, diversification of counterparties, and procedures to monitor concentrations of credit risk. Our counterparties are substantial investment and commercial banks with significant experience providing such derivative instruments.

Our total market risk is influenced by a wide variety of factors including the volatility present within the markets and the liquidity of the markets. There are certain limitations inherent in the sensitivity analyses presented. These “shock tests” are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and the inability to include the complex market reactions that normally would arise from the market shifts modeled. For additional information regarding our borrowings and financial instruments, see Notes 15, 16 and 21 to our Consolidated Financial Statements.

Foreign Currency Risk Management

We have foreign currency rate exposure to exchange rate fluctuations worldwide and particularly with respect to the Australian dollar, British pound sterling, Canadian dollar, Euro and the New Zealand dollar. We use foreign currency forward contracts and foreign currency swaps to manage foreign exchange risk that arises from certain intercompany transactions and from non-functional currency denominated assets and liabilities and earnings denominated in non-U.S. dollar currencies. Our foreign currency forward contracts are often not designated as hedges and therefore changes in the fair value of these derivatives are recognized in earnings as they occur. We anticipate that such foreign currency exchange rate risk will remain a market risk exposure for the foreseeable future.

We assess our market risk based on changes in foreign currency exchange rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact on earnings, cash flows and fair values based on a hypothetical 10% appreciation or depreciation in the value of the underlying currencies being hedged, against the U.S. dollar at December 31, 2011. With all other variables held constant, a hypothetical 10% change (increase or

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decrease) in foreign currency exchange rates would have an approximately \$3 million effect on our earnings at December 31, 2011. Because unrealized gains or losses related to foreign currency forward and swap contracts are expected to be offset by corresponding gains or losses on the underlying exposures being hedged, when combined, these foreign currency contracts and the offsetting underlying commitments do not create a material impact on our consolidated financial statements.

Interest Rate Risk Management

Our primary interest rate exposure at December 31, 2011 was interest rate fluctuations in the United States, specifically LIBOR and commercial paper interest rates due to their impact on variable rate borrowings and other interest rate sensitive liabilities. We use interest rate swaps and caps to manage our exposure to interest rate movements. We anticipate that LIBOR and commercial paper rates will remain a primary market risk exposure for the foreseeable future.

We assess our market risk based on changes in interest rates utilizing a sensitivity analysis. Based on our interest rate derivatives as of December 31, 2011, we estimate that a 10% change in interest rates would not have a material impact on our earnings. Because gains or losses related to interest rate derivatives are expected to be offset by corresponding gains or losses on the underlying exposures being hedged, when combined, these interest rate contracts and the offsetting underlying commitments do not create a material impact on our consolidated financial statements.

Commodity Risk Management

We have commodity price exposure related to fluctuations in the price of unleaded gasoline. We anticipate that such commodity risk will remain a market risk exposure for the foreseeable future. We determined that a hypothetical 10% change in the price of unleaded gasoline, would not have a material impact on our earnings at December 31, 2011.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Consolidated Financial Statements and Consolidated Financial Statement Index commencing on Page F-1 hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

- (a) *Disclosure Controls and Procedures.* Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.
- (b) *Management’s Annual Report on Internal Control Over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on this assessment, our management believes that, as of December 31, 2011, our internal control over financial reporting is effective. Our management has excluded Avis Budget EMEA Limited and subsidiaries (formerly Avis Europe plc) from our assessment of internal control over financial reporting as of December 31, 2011, as permitted, because we acquired Avis Europe plc on October 3, 2011. Avis Budget EMEA Limited is a wholly owned subsidiary of Avis Budget Group and constituted 20% of consolidated total assets and 6% of consolidated revenues as of and for the year ended December 31, 2011. The effectiveness of the Company’s internal control over financial reporting as of December 31, 2011, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm. Their attestation report is included below.
- (c) *Changes in Internal Control Over Financial Reporting.* During the last fiscal quarter, there has been no change in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Avis Budget Group, Inc.
Parsippany, New Jersey

We have audited the internal control over financial reporting of Avis Budget Group, Inc. and subsidiaries (the “Company”) as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in *Management’s Annual Report on Internal Control over Financial Reporting*, management excluded from its assessment the internal control over financial reporting at Avis Europe plc and subsidiaries, which was acquired on October 3, 2011 and which constituted 20% of consolidated total assets, and 6% of consolidated revenues as of and for the year ended December 31, 2011. Accordingly, our audit did not include the internal control over financial reporting at Avis Budget EMEA Limited and subsidiaries (formerly Avis Europe plc). The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2011 of the Company and our report dated February 29, 2012 expressed an unqualified opinion on those financial statements and financial statement schedule

/s/ Deloitte & Touche
New York, New York
February 29, 2012

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information contained in the Company's Annual Proxy Statement under the sections entitled "Board of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference in response to this item.

ITEM 11. EXECUTIVE COMPENSATION

The information contained in the Company's Annual Proxy Statement under the section entitled "Executive Compensation" is incorporated herein by reference in response to this item.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained in the Company's Annual Proxy Statement under the section titled "Security Ownership of Certain Beneficial Owners" is incorporated herein by reference in response to this item.

Information concerning our equity compensation plans is included in Part II of this report under the caption "Securities Authorized For Issuance Under Equity Compensation Plans."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information contained in the Company's Annual Proxy Statement under the section titled "Certain Relationships and Related Transactions" and "Board of Directors" is incorporated herein by reference in response to this item.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information contained in the Company's Annual Proxy Statement under the section titled "Ratification of Appointment of Auditors" is incorporated herein by reference in response to this item.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

ITEM 15(A)(1) FINANCIAL STATEMENTS

See Consolidated Financial Statements and Consolidated Financial Statements Index commencing on page F-1 hereof.

ITEM 15(A)(2) FINANCIAL STATEMENT SCHEDULES

See Schedule II—Valuation and Qualifying Account for the years ended December 31, 2011, 2010, and 2009 commencing on page G-1 hereof.

ITEM 15(A)(3) EXHIBITS

See Exhibit Index commencing on page H-1 hereof.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Avis Budget Group, Inc.
Parsippany, New Jersey

We have audited the accompanying consolidated balance sheets of Avis Budget Group, Inc. and subsidiaries (the “Company”) as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2012 expressed an unqualified opinion on the Company’s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
New York, New York
February 29, 2012

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Year Ended December 31,		
	2011	2010	2009
Revenues			
Vehicle rental	\$4,338	\$3,882	\$3,906
Other	1,562	1,303	1,225
Net revenues	<u>5,900</u>	<u>5,185</u>	<u>5,131</u>
Expenses			
Operating	3,025	2,616	2,636
Vehicle depreciation and lease charges, net	1,223	1,287	1,425
Selling, general and administrative	756	569	551
Vehicle interest, net	286	304	294
Non-vehicle related depreciation and amortization	95	90	96
Interest expense related to corporate debt, net:			
Interest expense	219	170	153
Early extinguishment of debt	—	52	—
Restructuring charges	5	11	20
Transaction-related costs	255	14	—
Impairment	—	—	33
Total expenses	<u>5,864</u>	<u>5,113</u>	<u>5,208</u>
Income (loss) before income taxes	36	72	(77)
Provision for (benefit from) income taxes	65	18	(30)
Net income (loss)	<u>\$ (29)</u>	<u>\$ 54</u>	<u>\$ (47)</u>
Earnings (loss) per share			
Basic	\$ (0.28)	\$ 0.53	\$ (0.46)
Diluted	\$ (0.28)	\$ 0.49	\$ (0.46)

See Notes to Consolidated Financial Statements.

Avis Budget Group, Inc.
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 534	\$ 911
Receivables (net of allowance for doubtful accounts of \$21 and \$16)	507	315
Deferred income taxes	120	130
Other current assets	380	282
Total current assets	1,541	1,638
Property and equipment, net	493	425
Deferred income taxes	444	587
Goodwill	353	76
Other intangibles, net	713	481
Other non-current assets	304	255
Total assets exclusive of assets under vehicle programs	3,848	3,462
Assets under vehicle programs:		
Program cash	11	4
Vehicles, net	8,356	6,422
Receivables from vehicle manufacturers and other	380	149
Investment in Avis Budget Rental Car Funding (AESOP) LLC—related party	343	290
	<u>9,090</u>	<u>6,865</u>
Total assets	\$12,938	\$10,327
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and other current liabilities	\$ 1,433	\$ 925
Short-term debt and current portion of long-term debt	37	8
Total current liabilities	1,470	933
Long-term debt	3,168	2,494
Other non-current liabilities	960	535
Total liabilities exclusive of liabilities under vehicle programs	5,598	3,962
Liabilities under vehicle programs:		
Debt	990	528
Debt due to Avis Budget Rental Car Funding (AESOP) LLC—related party	4,574	3,987
Deferred income taxes	982	1,333
Other	382	107
	<u>6,928</u>	<u>5,955</u>
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock, \$.01 par value—authorized 10 million shares; none issued and outstanding	—	—
Common stock, \$.01 par value—authorized 250 million shares; issued 137,028,464 and 136,982,068 shares	1	1
Additional paid-in capital	8,532	8,828
Accumulated deficit	(2,666)	(2,637)
Accumulated other comprehensive income	78	92
Treasury stock, at cost—31,551,170 and 33,247,139 shares	(5,533)	(5,874)
Total stockholders' equity	412	410
Total liabilities and stockholders' equity	\$12,938	\$10,327

See Notes to Consolidated Financial Statements.

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2011	2010	2009
Operating activities			
Net income (loss)	\$ (29)	\$ 54	\$ (47)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Vehicle depreciation	1,395	1,277	1,391
(Gain) loss on sale of vehicles, net	(234)	(24)	(30)
Non-vehicle related depreciation and amortization	95	90	96
Deferred income taxes	32	(20)	(60)
Impairment	—	—	33
Non-cash charge on unfavorable license rights reacquired with the acquisition of Avis Europe plc	117	—	—
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:			
Receivables	29	(20)	52
Income taxes	(18)	(104)	10
Accounts payable and other current liabilities	20	108	(19)
Reimbursement from Realogy and Wyndham for taxes paid	—	114	—
Reimbursement from Wyndham for tax attributes	—	89	—
Other, net	171	76	65
Net cash provided by operating activities	<u>1,578</u>	<u>1,640</u>	<u>1,491</u>
Investing activities			
Property and equipment additions	(65)	(61)	(39)
Proceeds received on asset sales	14	14	14
Net assets acquired (net of cash acquired)	(841)	(2)	—
Other, net	(7)	(6)	—
Net cash used in investing activities exclusive of vehicle programs	<u>(899)</u>	<u>(55)</u>	<u>(25)</u>
<i>Vehicle programs:</i>			
Decrease (increase) in program cash	(11)	162	(145)
Investment in vehicles	(8,659)	(8,031)	(6,775)
Proceeds received on disposition of vehicles	7,196	6,319	7,144
Investment in debt securities of Avis Budget Rental Car Funding (AESOP LLC)—related party	(400)	(570)	—
Proceeds from debt securities of Avis Budget Rental Car Funding (AESOP LLC)—related party	400	570	—
Other, net	—	2	(33)
	<u>(1,474)</u>	<u>(1,548)</u>	<u>191</u>
Net cash provided by (used in) investing activities	<u>(2,373)</u>	<u>(1,603)</u>	<u>166</u>

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In millions)

	Year Ended December 31,		
	2011	2010	2009
Financing activities			
Proceeds from long-term borrowings	682	1,046	445
Principal payments on long-term borrowings	(668)	(688)	(111)
Net change in short-term borrowings	(97)	—	—
Proceeds from warrant issuance	—	—	62
Purchase of call options	—	—	(95)
Debt financing fees	(78)	(46)	(11)
Other, net	1	10	(2)
Net cash provided by (used in) financing activities exclusive of vehicle programs	(160)	322	288
<i>Vehicle programs:</i>			
Proceeds from borrowings	10,534	9,355	7,527
Principal payments on borrowings	(9,917)	(9,152)	(9,147)
Net change in short-term borrowings	—	(110)	(107)
Debt financing fees	(33)	(35)	(26)
	584	58	(1,753)
Net cash provided by (used in) financing activities	424	380	(1,465)
Effect of changes in exchange rates on cash and cash equivalents	(6)	12	32
Net increase (decrease) in cash and cash equivalents	(377)	429	224
Cash and cash equivalents, beginning of period	911	482	258
Cash and cash equivalents, end of period	\$ 534	\$ 911	\$ 482
Supplemental Disclosure			
Interest payments	\$ 465	\$ 483	\$ 461
Income tax payments, net	\$ 51	\$ 142	\$ 20

See Notes to Consolidated Financial Statements.

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at January 1, 2009	136.8	\$ 1	\$ 9,197	\$ (2,644)	\$ (194)	(35.0)	\$ (6,267)	\$ 93
Comprehensive income:								
Net loss	—	—	—	(47)	—	—	—	—
Currency translation adjustment	—	—	—	—	104	—	—	—
Unrealized gains on cash flow hedges, net of tax of \$(28)	—	—	—	—	43	—	—	—
Pension liability adjustment, net of tax of \$(7)	—	—	—	—	10	—	—	—
Total comprehensive income								110
Issuance of warrants	—	—	62	—	—	—	—	62
Purchase of call options, net of tax of \$36	—	—	(59)	—	—	—	—	(59)
Net activity related to restricted stock units	0.1	—	(101)	—	—	0.4	115	14
Activity related to employee stock purchase plan	—	—	(3)	—	—	—	3	—
Post-separation dividend adjustment	—	—	1	—	—	—	—	1
Other	—	—	1	—	—	—	—	1
Balance at December 31, 2009	136.9	\$ 1	\$ 9,098	\$ (2,691)	\$ (37)	(34.6)	\$ (6,149)	\$ 222
Comprehensive income:								
Net income	—	—	—	54	—	—	—	—
Currency translation adjustment	—	—	—	—	71	—	—	—
Unrealized gains on cash flow hedges, net of tax of \$(24)	—	—	—	—	36	—	—	—
Reclassification of unrealized losses on cash flow hedges, net of tax benefit of \$(16)	—	—	—	—	24	—	—	—
Pension liability adjustment, net of tax benefit of \$1	—	—	—	—	(2)	—	—	—
Total comprehensive income								183
Net activity related to restricted stock units	0.1	—	(88)	—	—	0.4	101	13
Exercise of stock options	—	—	(166)	—	—	1.0	174	8
Reallocation of deferred taxes	—	—	(16)	—	—	—	—	(16)
Post-separation dividend adjustment	—	—	(1)	—	—	—	—	(1)
Other	—	—	1	—	—	—	—	1
Balance at December 31, 2010	137.0	\$ 1	\$ 8,828	\$ (2,637)	\$ 92	(33.2)	\$ (5,874)	\$ 410

Avis Budget Group, Inc.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
Balance at January 1, 2011	137.0	\$ 1	\$ 8,828	\$ (2,637)	\$ 92	(33.2)	\$ (5,874)	\$ 410
Comprehensive income:								
Net loss	—	—	—	(29)	—	—	—	
Currency translation adjustment	—	—	—	—	(23)	—	—	
Unrealized gains on cash flow hedges, net of tax of \$(21)	—	—	—	—	33	—	—	
Unrealized gains on available-for-sale securities, net of tax of \$0	—	—	—	—	2	—	—	
Pension liability adjustment, net of tax benefit of \$(16)	—	—	—	—	(26)	—	—	
Total comprehensive income								(43)
Net activity related to restricted stock units	—	—	(111)	—	—	0.4	124	13
Exercise of stock options	—	—	(215)	—	—	1.2	217	2
Realization of tax benefits for stock-based awards	—	—	30	—	—	—	—	30
Balance at December 31, 2011	<u>137.0</u>	<u>\$ 1</u>	<u>\$ 8,532</u>	<u>\$ (2,666)</u>	<u>\$ 78</u>	<u>(31.6)</u>	<u>\$ (5,533)</u>	<u>\$ 412</u>

See Notes to Consolidated Financial Statements.

Avis Budget Group, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unless otherwise noted, all dollar amounts are in millions, except per share amounts)

1. Basis of Presentation

Avis Budget Group, Inc. provides car and truck rentals and ancillary services to businesses and consumers worldwide. The accompanying Consolidated Financial Statements include the accounts and transactions of Avis Budget Group, Inc. and its subsidiaries (“Avis Budget”), as well as entities in which Avis Budget directly or indirectly has a controlling financial interest (collectively, the “Company”).

In conjunction with the Company’s October 2011 acquisition of Avis Europe plc (“Avis Europe” and the “Avis Europe Acquisition”) and its increased global presence, the Company re-aligned its operating regions and business segments. The Company now operates the following business segments:

- **North America**—provides car rentals in the United States and vehicle rentals in Canada, as well as related products and services.
- **International**—provides, and licenses the Company’s brands to third parties for, vehicle rentals and ancillary products and services in Europe, the Middle East, Asia, Africa, South America, central America, the Caribbean, Australia and New Zealand.
- **Truck Rental**—provides truck rentals and related services to consumers and commercial users in the United States.

The Company’s business segment financial information presented in these Notes to Consolidated Financial Statements has been recast and presented to conform with the Company’s current business segment reporting alignment for all periods presented.

In presenting the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates.

Vehicle Programs. The Company presents separately the financial data of its vehicle programs. These programs are distinct from the Company’s other activities since the assets under vehicle programs are generally funded through the issuance of debt that is collateralized by such assets. The income generated by these assets is used, in part, to repay the principal and interest associated with the debt. Cash inflows and outflows relating to the acquisition of such assets and the principal debt repayment or financing of such assets are classified as activities of the Company’s vehicle programs. The Company believes it is appropriate to segregate the financial data of its vehicle programs because, ultimately, the source of repayment of such debt is the realization of such assets.

Transaction-related Costs

The Company completed the Avis Europe Acquisition on October 3, 2011. In addition, in September 2011, the Company announced that it had decided at the time not to pursue the acquisition of Dollar Thrifty Automotive Group, Inc. (“Dollar Thrifty”) in light of current market conditions. Transaction-related costs are now being classified separately in the Consolidated Statements of Operations for the years ended December 31, 2011 and 2010. These costs comprise acquisition-related activity including due-diligence and other costs associated with the Company’s Avis Europe Acquisition and its previous efforts to acquire Dollar Thrifty. Transaction-related costs in 2011 include a non-cash charge related to the reacquired unfavorable license rights, costs for due-diligence activity, losses on foreign-currency transactions related to the Avis Europe Acquisition purchase price and other costs. Transaction-related costs for the year ended December 31, 2010, have been reclassified from selling, general and administrative expenses to

transaction-related costs to conform to the current presentation. This reclassification had no impact on total expenses, income before income taxes, net income or earnings per share. There were no transaction-related costs in 2009.

2. **Summary of Significant Accounting Policies**

Accounting Principles

The Company's Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Avis Budget and all entities in which the Company has a direct or indirect controlling financial interest and variable interest entities ("VIEs") for which the Company has determined it is the primary beneficiary. The Company is considered to be the primary beneficiary if it has (i) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb the losses (or the right to receive the benefits) of the VIE that could potentially be significant to the VIE. Intercompany transactions have been eliminated in consolidation.

Use of Estimates and Assumptions

The use of estimates and assumptions as determined by management is required in the preparation of the Consolidated Financial Statements in conformity with GAAP. These estimates are based on management's evaluation of historical trends and other information available when the Consolidated Financial Statements are prepared. Changes in estimates are recognized in accordance with the accounting rules for the estimate. Actual results could differ from those estimates.

Revenue Recognition

The Company derives revenue through the operation and licensing of the Avis and Budget rental systems and, providing vehicle rentals and other services to business and leisure travelers and others. Other revenue includes rentals of GPS navigation units, sales of loss damage waivers and insurance products, fuel and fuel service charges, and other items. Revenue is recognized when persuasive evidence of an arrangement exists, the services have been rendered to customers, the pricing is fixed or determinable and collection is reasonably assured.

Vehicle rental and rental-related revenue is recognized over the period the vehicle is rented. Licensing revenue principally consists of royalties paid by the Company's licensees and is recorded as the licensees' revenue is earned (generally over the rental period of a vehicle). Revenue and expenses associated with gasoline, vehicle licensing and airport concessions are recorded on a gross basis within revenue and operating expenses.

Foreign Currency Translation

Assets and liabilities of foreign operations are translated at the rate of exchange in effect on the balance sheet date; income and expenses are translated at the weighted average rate of exchange prevailing during the year. The related translation adjustments are reflected in "Accumulated other comprehensive income (loss)" in the stockholders' equity section of the Consolidated Balance Sheets. The accumulated foreign currency translation adjustment as of December 31, 2011 and December 31, 2010 was \$159 million and \$182 million, respectively. Foreign currency gains and losses resulting from transactions are included in earnings.

Cash and Cash Equivalents

The Company considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment (including leasehold improvements) are stated at cost, net of accumulated depreciation and amortization. Depreciation (non-vehicle related) is computed utilizing the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements is computed utilizing the straight-line method over the estimated benefit period of the related assets, which may not exceed 20 years, or the lease term, if shorter. Useful lives are as follows:

Buildings	30 years
Furniture, fixtures & equipment	3 to 10 years
Capitalized software	3 to 7 years
Buses and support vehicles	4 to 15 years

The Company capitalizes the costs of software developed for internal use when the preliminary project stage is completed and management (i) commits to funding the project and (ii) believes it is probable that the project will be completed and the software will be used to perform the function intended. The software developed or obtained for internal use is amortized on a straight-line basis commencing when such software is ready for its intended use. The net carrying value of software developed or obtained for internal use was \$74 million and \$73 million as of December 31, 2011 and 2010, respectively.

Goodwill and Other Intangible Assets

Goodwill represents the excess, if any, of the fair value of the consideration transferred by the acquirer and the fair value of any non-controlling interest remaining in the acquiree, if any, over the fair values of the identifiable net assets acquired. The Company does not amortize goodwill, but assesses it for impairment at least annually for recoverability. Other intangible assets, primarily trademarks, with indefinite lives are not amortized but are evaluated annually for impairment. Other intangible assets with finite lives are amortized over their remaining useful lives.

Impairment of Long-Lived Assets

The Company is required to assess goodwill and other indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company performs its annual impairment assessment in the fourth quarter of each year at the reporting unit level. If the carrying value of an intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

The Company assesses goodwill for such impairment by comparing the carrying value of each reporting unit to its fair value using the present value of expected future cash flows. When available and as appropriate, comparative market multiples and other factors are used to corroborate the discounted cash flow results.

The Company also evaluates the recoverability of its other long-lived assets, including amortizable intangible assets, if circumstances indicate impairment may have occurred. This analysis is performed by comparing the respective carrying values of the assets to the expected future cash flows, on an undiscounted basis, to be generated from such assets. Property and equipment is evaluated separately within each segment. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value.

Program Cash

Program cash primarily represents amounts specifically designated to purchase assets under vehicle programs and/or to repay the related debt.

Vehicles

Vehicles are stated at cost, net of accumulated depreciation. The initial cost of the vehicles is recorded net of incentives and allowances from manufacturers. The Company acquires many of its rental vehicles pursuant to repurchase and guaranteed depreciation programs established by automobile manufacturers. Under these programs, the manufacturers agree to repurchase vehicles at a specified price and date, or guarantee the depreciation rate for a specified period of time, subject to certain eligibility criteria (such as car condition and mileage requirements). The Company depreciates vehicles such that the net book value on the date of return to the manufacturers is intended to equal the contractual guaranteed residual values, thereby minimizing any gain or loss.

Rental vehicles acquired outside of manufacturer repurchase and guaranteed depreciation programs are depreciated based upon their estimated residual values at their expected dates of disposition, after giving effect to anticipated conditions in the used car market, which are reviewed on a continuous basis. Any adjustments to depreciation are made prospectively.

For 2011, 2010 and 2009, rental vehicles were depreciated at rates ranging from 3% to 46% per annum. Upon disposal of the vehicles, depreciation expense is adjusted for any difference between the net sales proceeds and the remaining book value. Vehicle-related interest expense amounts are net of vehicle-related interest income of \$8 million, \$11 million and \$15 million for 2011, 2010 and 2009, respectively.

Advertising Expenses

Advertising costs are generally expensed in the period incurred. Advertising expenses, recorded within selling, general and administrative expense on our Consolidated Statements of Operations, include radio, television, "yellow pages" and other advertising, travel partner rewards programs, internet advertising and other promotions and were approximately \$107 million, \$66 million and \$87 million in 2011, 2010 and 2009, respectively.

Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes that it is more likely than not that these assets will be realized. In making such determination, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent results of operations. In the event the Company were to determine that it would be able to realize the deferred income tax assets in the future in excess of their net recorded amount, the Company would adjust the valuation allowance, which would reduce the provision for income taxes.

The Company reports revenues net of any tax assessed by a governmental authority that is both imposed on and concurrent with a specific revenue-producing transaction between a seller and a customer.

Fair Value Measurements

The Company measures its assets and liabilities at fair value at the time of acquisition and revalues its derivative assets and liabilities on a recurring basis. Financial assets and liabilities are classified as follows: Level 1, which refers to assets and liabilities valued using quoted prices from active markets for identical

assets or liabilities; Level 2, which refers to assets and liabilities for which significant other observable market inputs are readily available; and Level 3, which are valued based on significant unobservable inputs.

Derivative Instruments

Derivative instruments are used as part of the Company's overall strategy to manage exposure to market risks associated with fluctuations in foreign currency exchange rates, interest rates and gasoline costs. As a matter of policy, derivatives are not used for trading or speculative purposes.

All derivatives are recorded at fair value either as assets or liabilities. Changes in fair value of derivatives not designated as hedging instruments are recognized currently in earnings within the same line item as the hedged item (principally vehicle interest, net). The effective portion of changes in fair value of derivatives designated as cash flow hedging instruments is recorded as a component of other comprehensive income. The ineffective portion is recognized currently in earnings within the same line item as the hedged item, including vehicle interest, net or interest related to corporate debt, net, based upon the nature of the hedged item. Amounts included in other comprehensive income are reclassified into earnings in the same period during which the hedged item affects earnings. Generally, all amounts related to our derivative instruments are recognized in the Consolidated Statements of Cash Flows consistent with the nature of the hedged item (principally operating activities).

Valuation Techniques. Derivatives entered into by the Company are typically executed over-the-counter and are valued using internal valuation techniques, as no quoted market prices exist for such instruments. The valuation technique and inputs depend on the type of derivative and the nature of the underlying exposure. The Company principally uses discounted cash flows to value these instruments. These models take into account a variety of factors including, where applicable, maturity, commodity prices, interest rate yield curves of the Company and counterparties, credit curves, counterparty creditworthiness and currency exchange rates. These factors are applied on a consistent basis and are based upon observable inputs where available.

Investments

The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determination at each balance sheet date. Common stock investments in affiliates over which the Company has the ability to exercise significant influence but not a controlling interest are carried on the equity method of accounting. Available-for-sale securities are carried at current fair value with unrealized gains or losses reported net of taxes as a separate component of stockholders' equity. Trading securities are recorded at fair value with realized and unrealized gains and losses reported currently in earnings. As of December 31, 2011, the Company has investments in equity securities with a fair value of \$9 million.

Joint venture investments are typically accounted for under the equity method of accounting. Under this method, the Company records its proportional share of the joint venture's net income or loss within operating expenses in the Consolidated Statements of Operations. As of December 31, 2011, the Company had investments in several joint ventures with a carrying value of \$29 million, recorded within the non-current assets on the Consolidated Balance Sheets.

The Company recorded a \$33 million charge (\$20 million, net of tax) for impairment of its investments in 2009 to reflect the other-than-temporary decline of the investments' fair value below their carrying value, based on estimated future cash flows, thereby reducing the carrying value of the investment to zero.

Aggregate realized gains and losses on investments and dividend income are recorded within operating expenses on the Consolidated Statements of Operations. During 2011, the Company realized a gain of \$1 million from the sale of certain equity investments. There were no net realized gains or losses in 2010 and 2009.

Self-Insurance Reserves

The Consolidated Balance Sheets include \$409 million and \$305 million of liabilities associated with retained risks of liability to third parties as of December 31, 2011 and 2010, respectively. Such liabilities relate primarily to public liability and third-party property damage claims, as well as claims arising from the sale of ancillary insurance products including but not limited to supplemental liability, personal effects protection and personal accident insurance. These obligations represent an estimate for both reported claims not yet paid and claims incurred but not yet reported. The estimated reserve requirements for such claims are recorded on an undiscounted basis utilizing actuarial methodologies and various assumptions which include, but are not limited to, the Company's historical loss experience and projected loss development factors. The required liability is also subject to adjustment in the future based upon the changes in claims experience, including changes in the number of incidents and changes in the ultimate cost per incident. These amounts are included within accounts payable and other current liabilities and other non-current liabilities.

The Consolidated Balance Sheets also include liabilities of approximately \$50 million and \$56 million as of December 31, 2011 and 2010, respectively, related to workers' compensation, health and welfare and other employee benefit programs. The liabilities represent an estimate for both reported claims not yet paid and claims incurred but not yet reported, utilizing actuarial methodologies similar to those mentioned above. These amounts are included within accounts payable and other current liabilities and other non-current liabilities.

Business Combinations

The Company uses the acquisition method of accounting for business combinations, which requires that the assets acquired and liabilities assumed be recorded at their respective fair values at the date of acquisition. Assets acquired and liabilities assumed in a business combination that arise from contingencies are recognized if fair value can be reasonably estimated at the acquisition date. The excess, if any, of (i) the fair value of the consideration transferred by the acquirer and the fair value of any non-controlling interest remaining in the acquiree, over (ii) the fair values of the identifiable net assets acquired is recorded as goodwill. Gains and losses on the re-acquisition of unfavorable license agreements are recorded in the Consolidated Statements of Operations upon completion of the respective acquisition. Transaction-related costs incurred to effect a business combination are expensed as incurred, except for the cost to issue debt related to the acquisition. The operating results of the acquired business are reflected in the Company's consolidated financial statements after the date of the acquisition.

Adoption of New Accounting Standards During 2011

In January 2010, the FASB issued ASU No. 2010-6, "Fair Value Measurements and Disclosures" ("ASU No. 2010-6"). ASU No. 2010-6 which expands the level of fair value disclosures for financial assets and liabilities. The Company adopted the guidance on January 1, 2010, as required, except for disclosures about purchases, sales, issuances and settlements for Level 3 instruments and fair value measurements, which were adopted on January 1, 2011, as required, and it did not have a significant impact on its financial statements.

In December 2010, the FASB issued ASU No. 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts". For such reporting units, the guidance requires an entity to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. The Company adopted this guidance on January 1, 2011, as required, and it did not have an impact on its financial statements.

In December 2010, the FASB issued ASU No. 2010-29, "Disclosure of Supplementary Pro Forma Information for Business Combinations", which amends the disclosure requirements for supplementary pro forma information for business combinations. The Company adopted the guidance for all acquisitions occurring during 2011, and it resulted in incremental disclosure about the Company's acquisition.

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In September 2011, the FASB issued ASU No. 2011-09, "Disclosures about an Employer's Participation in a Multiemployer Plan", which requires employers that participate in multiemployer plans to provide additional quantitative and qualitative disclosures regarding their participation in multiemployer plans. The Company adopted this guidance on December 31, 2011, as required, and it resulted in incremental disclosure about the Company's participation in multiemployer plans.

Recently Issued Accounting Pronouncements

On January 1, 2012, the Company adopted accounting pronouncements amending (i) fair value measurement and disclosure requirements, (ii) the presentation of other comprehensive income and (iii) the rules for testing goodwill for impairment, and they did not have a significant impact on the Company's financial statements.

3. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share ("EPS"):

	Year Ended December 31,		
	2011	2010	2009
Net income (loss) for basic EPS	\$ (29)	\$ 54	\$ (47)
Convertible debt interest, net of tax	—	7	—
Net income (loss) for diluted EPS	<u>\$ (29)</u>	<u>\$ 61</u>	<u>\$ (47)</u>
Basic weighted average shares outstanding	105.2	103.1	102.2
Options, warrants and non-vested stock	—	2.4	—
Convertible debt	—	21.2	—
Diluted weighted average shares outstanding ^(a)	<u>105.2</u>	<u>126.7</u>	<u>102.2</u>
<i>Earnings (loss) per share:</i>			
Basic	\$ (0.28)	\$ 0.53	\$ (0.46)
Diluted	\$ (0.28)	\$ 0.49	\$ (0.46)

^(a) As the Company incurred a net loss in 2011 and 2009, all outstanding stock options, restricted stock units, stock warrants and issuable shares underlying the convertible notes issued in 2009 have an anti-dilutive effect and therefore are excluded from the computation of diluted weighted average shares outstanding. Accordingly, basic and diluted weighted average shares outstanding are equal for such periods.

The following table summarizes the Company's outstanding common stock equivalents that were anti-dilutive and therefore excluded from the computation of diluted EPS:

	Year Ended December 31,		
	2011	2010	2009
Options ^(a)	3.4	1.4	7.2
Warrants ^(b)	21.2	21.2	21.2
Shares underlying 3 1/2% Convertible Senior Notes due 2014	21.2	—	21.2

^(a) Represents all outstanding stock options for 2011 and 2009. The weighted average exercise price for anti-dilutive options for 2010 was \$23.28.

^(b) Represents all outstanding warrants for 2011, 2010 and 2009. The exercise price for the warrants issued in 2009 was \$22.50.

4. Restructuring Charges

During fourth quarter 2011, subsequent to the Avis Europe Acquisition, the Company initiated a restructuring initiative, identifying synergies across the Company, enhancing organizational efficiencies and consolidating and rationalizing processes and facilities. During the year ended December 31, 2011, as part of this process, the Company formally communicated the termination of employment to approximately 50 employees. In 2011, the Company recorded restructuring charges of \$3 million in connection with these initiatives. These charges primarily represent costs associated with severance, outplacement services and other costs associated with employee terminations. As of December 31, 2011, the Company has terminated substantially all of these employees. The Company is further developing this initiative and identifying the additional restructuring costs that are expected to be incurred.

Beginning in 2008, the Company initiated strategic initiatives within the Company's North America, International and Truck Rental segments, as part of a cost-reduction and efficiency improvement plan to reduce costs, enhance organizational efficiency and consolidate and rationalize existing processes and facilities. During the years ended December 31, 2011, 2010 and 2009, as part of this process, the Company formally communicated the termination of employment to approximately 850, 1,350 and 1,750 employees, respectively. The Company recorded restructuring charges in connection with these initiatives of \$2 million, \$11 million and \$20 million in 2011, 2010 and 2009, respectively. The majority of these restructuring charges have been settled in cash. These charges primarily represent costs associated with the closure and consolidation of certain administrative facilities and severance, outplacement services and other costs associated with employee terminations. As of December 31, 2011, the Company had terminated substantially all of these employees. The Company has substantially completed its activities under this restructuring initiative. As of December 31, 2011, the remaining liability relating to these restructuring actions amounted to approximately \$2 million, primarily for the closure and consolidation of certain facilities and severance, outplacement services and other costs associated with employee terminations.

As of January 1, 2009, the Company had \$2 million of liabilities related to pre-2008 restructuring activities.

The following tables summarize the changes to our restructuring-related liabilities and identifies the amount recorded within the Company's reporting segments for restructuring charges and corresponding payments and utilizations:

	Personnel Related	Facility Related	Asset Impairments	Total
Balance as of January 1, 2009	\$ 10	\$ 5	\$ 1	\$ 16
Restructuring charge	11	6	3	20
Cash payment/utilization	(20)	(7)	(4)	(31)
Balance as of December 31, 2009	1	4	—	5
Restructuring charge	4	7	—	11
Cash payment/utilization	(5)	(5)	—	(10)
Balance as of December 31, 2010	—	6	—	6
Restructuring charge	5	—	—	5
Assumed restructuring obligation	—	1	—	1
Cash payment/utilization	(4)	(6)	—	(10)
Balance as of December 31, 2011	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 2</u>

	North America	International	Truck Rental	Total
Balance as of January 1, 2009	\$ 12	\$ 2	\$ 2	\$ 16
Restructuring charge	16	2	2	20
Cash payment/utilization	(25)	(3)	(3)	(31)
Balance as of December 31, 2009	3	1	1	5
Restructuring charge	11	—	—	11
Cash payment/utilization	(8)	(1)	(1)	(10)
Balance as of December 31, 2010	6	—	—	6
Restructuring charge	2	3	—	5
Acquired restructuring obligation	—	1	—	1
Cash payment/utilization	(7)	(3)	—	(10)
Balance as of December 31, 2011	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 2</u>

5. Licensing Activities

Revenues from licensing, which are recorded within other revenues on the accompanying Consolidated Statements of Operations, amounted to \$70 million, \$46 million and \$43 million during 2011, 2010 and 2009, respectively. The Company renews license agreements in the normal course of business and occasionally terminates, purchases or sells license agreements. In connection with ongoing fees that the Company receives from its licensees pursuant to license agreements, the Company is required to provide certain services, such as training, marketing and the operation of reservation systems.

6. Acquisition

On October 3, 2011, the Company completed the acquisition of the entire issued share capital of Avis Europe for \$976 million and subsequently repaid \$649 million of Avis Europe's assumed indebtedness. Avis Europe provides vehicle rental and ancillary products and services in Europe, the Middle East, Africa and Asia. The acquisition reunited the global operation of the Avis and Budget brands under one corporate umbrella.

The Company recorded a \$117 million net, non-cash charge, within transaction-related costs, related to the reacquired unfavorable license rights that provided Avis Europe with royalty-free license rights within certain territories. This net charge reflects the difference, as of the acquisition date, between the fair value of the license rights and their contractual value. The Company used a relief from royalty rate analysis to determine the fair value. This valuation considered, but was not limited to, (i) the contracted royalty rates, (ii) the market royalty rate and (iii) the term of the license contracts.

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The excess of the purchase price over preliminary fair value of net assets acquired was allocated to goodwill, which was assigned to the Company's International segment. The goodwill is not expected to be deductible for tax purposes. The estimated fair value of the assets acquired and liabilities assumed, as set forth in the table below, reflects various preliminary fair value estimates and analyses, including preliminary work performed by third-party valuation specialists, which are subject to change within the measurement period (up to one year from the acquisition date) as valuations are finalized. The fair values of certain tangible assets and liabilities acquired, identifiable intangible assets, income and non-income based taxes, and residual goodwill are therefore not yet finalized and subject to change. The following summarizes the preliminary allocation of the purchase price of Avis Europe:

Cash	\$ 136
Receivables	246
Other current assets	210
Property and equipment	86
Deferred income taxes	27
Other intangibles	247
Other non-current assets	34
Vehicles	1,710
Receivables from vehicle manufacturers and other	282
Total identifiable assets acquired	<u>2,978</u>
Accounts payable and other current liabilities	(550)
Debt	(763)
Other non-current liabilities	(312)
Liabilities under vehicles program—debt	(779)
Total liabilities assumed	<u>(2,404)</u>
Net assets acquired	574
Goodwill	285
Non-cash charge related to the reacquired unfavorable license rights	117
Total	<u>\$ 976</u>

Other intangibles consisted primarily of \$185 million related to license agreements and \$62 million related to customer relationships. These license agreements will be amortized over a weighted-average life of approximately 20 years. Customer relationships will be amortized over a weighted-average life of approximately 12 years.

Avis Europe contributed net revenues of \$359 million and a net loss of \$223 million including \$213 million transaction-related costs, net of tax to the Company's results from October 3, 2011 through December 31, 2011. The net loss was primarily due to the non-cash charge, recorded at the time of the acquisition, related to the unfavorable license rights reacquired by the Company. The following unaudited pro forma summary presents the Company's consolidated information as if Avis Europe had been acquired on January 1, 2010. These amounts were calculated after conversion of Avis Europe's results into U.S. dollars, applying adjustments to align the financial information with GAAP and the Company's accounting policies. In addition, adjustments were made to reflect the impact to amortization expense and related income tax expense for fair value adjustments and revised useful lives assigned to intangible assets as if Avis Europe had been acquired on January 1, 2010. In the pro forma net income, \$213 million transaction-related costs, net of tax incurred in the year ended December 31, 2011 were treated as incurred in the year ended December 31, 2010.

(unaudited)
Pro Forma Summary
for the
Year Ended
December 31,

	2011	2010
Net revenues	\$ 7,259	\$ 6,768
Net income	234	(133)
Earnings per share—Diluted	1.82	(1.29)

7. Intangible Assets

Intangible assets consisted of:

	As of December 31, 2011			As of December 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>Amortized Intangible Assets</i>						
License agreements ^{(a) (d)}	\$ 252	\$ 29	\$ 223	\$ 73	\$ 24	\$ 49
Customer relationships ^{(b) (d)}	80	12	68	19	10	9
Other ^(c)	2	1	1	2	1	1
	\$ 334	\$ 42	\$ 292	\$ 94	\$ 35	\$ 59
<i>Unamortized Intangible Assets</i>						
Goodwill ^(d)	\$ 353			\$ 76		
Trademarks ^(e)	\$ 421			\$ 422		

^(a) Primarily amortized over a period ranging from 20 to 40 years.

^(b) Primarily amortized over a period ranging from 8 to 20 years.

^(c) Primarily amortized over 27 years.

^(d) The increase in 2011 primarily relates to the Avis Europe Acquisition.

^(e) The decrease relates to fluctuations in foreign currency.

Amortization expense relating to all intangible assets was as follows:

	Year Ended December 31,		
	2011	2010	2009
License agreements	\$ 4	\$ 2	\$ 2
Customer relationships	3	1	1
Total	\$ 7	\$ 3	\$ 3

Based on the Company's amortizable intangible assets at December 31, 2011, the Company expects related amortization expense to approximate \$17 million for each of the five succeeding fiscal years excluding effects of foreign exchange rates.

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The carrying amounts of goodwill and related charges are as follows:

	North America	International	Truck Rental	Total Company
Gross goodwill as of January 1, 2010	\$ 1,359	\$ 592	\$ 243	\$ 2,194
Accumulated impairment losses as of January 1, 2010	(1,355)	(535)	(228)	(2,118)
Goodwill as of January 1, 2010	4	57	15	76
Adjustments	—	—	—	—
Goodwill as of December 31, 2010	4	57	15	76
Acquisition	—	285	—	285
Foreign currency translation adjustments	—	(8)	—	(8)
Goodwill as of December 31, 2011	<u>\$ 4</u>	<u>\$ 334</u>	<u>\$ 15</u>	<u>\$ 353</u>

8. Vehicle Rental Activities

The components of vehicles, net within assets under vehicle programs are as follows:

	As of December 31,	
	2011	2010
Rental vehicles	\$ 9,077	\$ 7,007
Less: Accumulated depreciation	(1,258)	(1,135)
	7,819	5,872
Vehicles held for sale	537	550
Vehicles, net	<u>\$ 8,356</u>	<u>\$ 6,422</u>

The components of vehicle depreciation and lease charges, net are summarized below:

	Year Ended December 31,		
	2011	2010	2009
Depreciation expense	\$1,395	\$1,277	\$1,391
Lease charges	62	34	64
(Gain) loss on sale of vehicles, net and cost of vehicle disposition	(234)	(24)	(30)
Vehicle depreciation and lease charges, net	<u>\$1,223</u>	<u>\$1,287</u>	<u>\$1,425</u>

During 2011, 2010 and 2009, vehicle interest, net on the accompanying Consolidated Statements of Operations excludes \$228 million, \$178 million and \$157 million, respectively, of interest expense related to the Company's convertible senior notes and the fixed and floating rate borrowings of the Company's Avis Budget Car Rental, LLC ("Avis Budget Car Rental") subsidiary. Such interest is recorded within interest expense related to corporate debt, net on the accompanying Consolidated Statements of Operations.

9. Income Taxes

The provision for (benefit from) income taxes consists of the following:

	Year Ended December 31,		
	2011	2010	2009
Current			
Federal	\$ —	\$ —	\$ —
State	(3)	2	3
Foreign	36	36	27
Current income tax provision	<u>33</u>	<u>38</u>	<u>30</u>
Deferred			
Federal	36	(7)	(40)
State	10	8	(5)
Foreign	(14)	(21)	(15)
Deferred income tax benefit	<u>32</u>	<u>(20)</u>	<u>(60)</u>
Provision for (benefit from) income taxes	<u>\$ 65</u>	<u>\$ 18</u>	<u>\$ (30)</u>

Pretax income (loss) for domestic and foreign operations consists of the following:

	Year Ended December 31,		
	2011	2010	2009
United States	\$ 74	\$ (17)	\$ (146)
Foreign ^(a)	(38)	89	69
Pretax income (loss)	<u>\$ 36</u>	<u>\$ 72</u>	<u>\$ (77)</u>

^(a) 2011 includes \$128 million of transaction-related costs.

Current and non-current deferred income tax assets and liabilities are comprised of the following:

	As of December 31,	
	2011	2010
<i>Current deferred income tax assets:</i>		
Accrued liabilities and deferred income	\$ 175	\$ 179
Provision for doubtful accounts	9	5
Acquisition and integration-related liabilities	8	9
Unrealized hedge loss	—	1
Convertible note hedge	7	8
Valuation allowance ^(a)	(45)	(35)
Current deferred income tax assets	<u>154</u>	<u>167</u>
<i>Current deferred income tax liabilities:</i>		
Accrued liabilities and deferred income	8	—
Prepaid expenses	26	37
Current deferred income tax liabilities	<u>34</u>	<u>37</u>
Current net deferred income tax assets	<u>\$ 120</u>	<u>\$ 130</u>

	As of December 31,	
	2011	2010
<i>Non-current deferred income tax assets:</i>		
Net tax loss carryforwards	\$ 358	\$ 373
Accrued liabilities and deferred income	155	131
Depreciation and amortization	74	99
Tax credits	62	75
Convertible note hedge	13	21
Acquisition and integration-related liabilities	18	21
Unrealized hedge loss	—	1
Other	39	23
Valuation allowance ^(a)	(228)	(157)
Non-current deferred income tax assets	491	587
<i>Non-current deferred income tax liabilities:</i>		
Depreciation and amortization	43	—
Other	4	—
Non-current deferred income tax liabilities	47	—
Non-current net deferred income tax assets	\$ 444	\$ 587

^(a) The valuation allowance of \$273 million at December 31, 2011 relates to tax loss carryforwards, foreign tax credits and certain state deferred tax assets of \$195 million, \$53 million and \$25 million, respectively. The valuation allowance will be reduced when and if the Company determines it is more likely than not that the related deferred income tax assets will be realized.

Deferred income tax assets and liabilities related to vehicle programs are comprised of the following:

	As of December 31,	
	2011	2010
<i>Deferred income tax assets:</i>		
Depreciation and amortization	\$ 35	\$ —
Unrealized hedge loss	8	29
	43	29
<i>Deferred income tax liabilities:</i>		
Depreciation	1,025	1,362
	1,025	1,362
Net deferred income tax liabilities under vehicle programs	\$ 982	\$ 1,333

At December 31, 2011, the Company had U.S. federal net operating loss carryforwards of approximately \$500 million, most of which expire through 2031. Currently, the Company does not record valuation allowances on the majority of its U.S. federal tax loss carryforwards as there are adequate deferred tax liabilities that could be realized within the carryforward period. At December 31, 2011, the Company had foreign net operating loss carryforwards of approximately \$250 million with an indefinite utilization period. No provision has been made for U.S. federal deferred income taxes on approximately \$590 million of accumulated and undistributed earnings of foreign subsidiaries at December 31, 2011, since it is the present intention of management to reinvest the undistributed earnings indefinitely in those foreign operations. The determination of the amount of unrecognized U.S. federal deferred income tax liability for unremitted earnings is not practicable. In 2011, the Company recorded tax adjustments related to prior periods that reduced the Company's non-current deferred income tax assets by approximately \$230 million, deferred income tax liabilities under vehicle

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programs by approximately \$330 million, increased income taxes payable by approximately \$65 million and increased additional paid-in capital by \$30 million. There was no material impact to the Company's net income as a result of these adjustments.

The reconciliation between the U.S. federal income tax statutory rate and the Company's effective income tax rate is as follows:

	As of December 31,		
	2011	2010	2009
U.S. federal statutory rate	35.0%	35.0%	35.0%
Adjustments to reconcile to the effective rate:			
State and local income taxes, net of federal tax benefits	4.2	(7.0)	9.8
Changes in valuation allowances	(1.3)	15.1	(10.1)
Taxes on foreign operations at rates different than statutory U.S. federal rates ^(a)	(13.2)	(22.0)	16.5
Resolution of prior years' examination issues	—	—	2.6
Non-deductible transaction-related costs	146.5	—	—
Other non-deductible expenses	10.1	5.4	(13.2)
Other	(0.7)	(1.5)	(1.6)
	<u>180.6%</u>	<u>25.0%</u>	<u>39.0%</u>

^(a) In 2010 and 2009, the Company realized a benefit relating to additional tax depreciation within the Company's operations in Australia.

The following is a tabular reconciliation of the gross amount of unrecognized tax benefits for the year:

	2011	2010	2009
Balance at January 1	\$ 40	\$ 603	\$601
Additions based on tax positions related to the current year	—	—	1
Additions for tax positions for prior years	143	9	6
Additions associated with the Avis Europe Acquisition	34	—	—
Reductions for tax positions for prior years	(3)	(443)	(4)
Settlements	—	(129)	(1)
Statute of limitations	(28)	—	—
Balance at December 31	<u>\$186</u>	<u>\$ 40</u>	<u>\$603</u>

At December 31, 2011, the Company recharacterized \$128 million of deferred income tax liabilities under vehicle programs for tax positions for prior years as unrecognized tax benefits. Substantially all of the gross amount of the unrecognized tax benefits at December 31, 2011, 2010 and 2009, if recognized, would affect the Company's provision for, or benefit from, income taxes. As of December 31, 2011, the Company's unrecognized tax benefits were offset by tax loss carryforwards in the amount of \$11 million.

The following table presents unrecognized tax benefits reflected as of December 31:

	As of December 31,	
	2011	2010
Unrecognized tax benefit in non-current income taxes payable ^(a)	\$ 169	\$ 37
Accrued interest payable on potential tax liabilities ^(b)	21	20

^(a) Pursuant to the Tax Sharing Agreement and the Separation Agreement entered into in connection with the Separation (as defined below), the Company is entitled to indemnification for non-Avis Budget Car Rental tax contingencies for taxable periods prior to and including the Separation. As of December 31, 2011, \$16 million of unrecognized tax benefits are non-Avis Budget Car Rental tax contingencies.

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- (b) The Company recognizes potential interest related to unrecognized tax benefits within interest expense related to corporate debt, net on the accompanying Consolidated Statements of Operations. Penalties incurred during the twelve months ended December 31, 2011, 2010 and 2009, were not significant and were recognized as a component of income taxes.

In 2010, the Company reached a settlement with the Internal Revenue Service (“IRS”) with respect to its examination of the Company’s taxable years 2003 through 2006, the year in which the Company was separated (the “Separation”) into four independent companies. The Company was entitled to indemnification for most pre-Separation tax matters from the Company’s former Realogy Corporation (“Realogy”) and Wyndham Worldwide Corporation (“Wyndham”) subsidiaries, and therefore amounts due to the IRS at the conclusion of the audit did not have a material impact on the Company’s financial position. The Company made payments to the IRS and state tax authorities of \$144 million, including interest, in conjunction with the conclusion of the audit, all of which were funded by Realogy and Wyndham. The Company was also reimbursed \$89 million by Wyndham for the use of certain of the Company’s tax attributes in connection with the conclusion of the IRS audit. As a result of the conclusion of the audit, the Company reduced income taxes payable and related receivables from Realogy and Wyndham by approximately \$295 million, which items offset within income from discontinued operations. In addition, in connection with the conclusion of the IRS audit, a reallocation of certain deferred taxes with our former subsidiaries resulted in a \$16 million decrease to stockholders’ equity. The reductions in income taxes payable and receivables from Realogy and Wyndham are reflected in accounts payable and other current liabilities, and other current assets, respectively, as of December 31, 2010.

10. Other Current Assets

Other current assets consisted of:

	As of December 31,	
	2011	2010
Prepaid expenses	\$ 179	\$ 140
Sales and use tax	92	28
Other	109	114
	<u>\$ 380</u>	<u>\$ 282</u>

11. Property and Equipment, net

Property and equipment, net consisted of:

	As of December 31,	
	2011	2010
Land	\$ 58	\$ 48
Buildings and leasehold improvements	492	412
Capitalized software	400	346
Furniture, fixtures and equipment	259	182
Buses and support vehicles	54	53
Projects in process	37	30
	<u>1,300</u>	<u>1,071</u>
Less: Accumulated depreciation and amortization	<u>(807)</u>	<u>(646)</u>
	<u>\$ 493</u>	<u>\$ 425</u>

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Depreciation and amortization expense relating to property and equipment during 2011, 2010, and 2009 was \$88 million, \$87 million and \$93 million, respectively (including \$26 million, \$28 million and \$26 million, respectively, of amortization expense relating to capitalized computer software).

12. Other Non-Current Assets

Other non-current assets consisted of:

	As of December 31,	
	2011	2010
Deferred financing costs	\$ 138	\$ 107
Receivables from Realogy ^(a)	67	80
Receivables from Wyndham ^(a)	41	48
Investments ^(b)	38	4
Other	20	16
	<u>\$ 304</u>	<u>\$ 255</u>

^(a) Represents amounts due for certain contingent, tax and other corporate liabilities assumed by Realogy and Wyndham in connection with the Separation. These amounts are due from Realogy and Wyndham on demand upon the Company's settlement of the related liability. At December 31, 2011 and 2010, there are corresponding liabilities recorded within other non-current liabilities. Realogy has posted a letter of credit for the benefit of the Company to cover Realogy's performance in respect of these receivables, as more fully described under Note 17—Commitments and Contingencies.

^(b) Includes the Company's (i) 50% ownership of Anji Car Rental and Leasing Company Limited, a joint venture that has a license agreement for the Avis brand in China, and (ii) 33% ownership of Mercury Car Rentals Limited, a joint venture that has a license agreement for the Avis brand in India.

13. Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities consisted of:

	As of December 31,	
	2011	2010
Accounts payable	\$ 312	\$ 209
Accrued payroll and related	200	155
Accrued sales and use taxes	173	81
Public liability and property damage insurance liabilities—current	128	93
Income taxes payable—current	109	41
Advertising and marketing	77	53
Other	434	293
	<u>\$ 1,433</u>	<u>\$ 925</u>

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14. Other Non-Current Liabilities

Other non-current liabilities consisted of:

	As of December 31,	
	2011	2010
Public liability and property damage insurance liabilities—non-current	\$ 281	\$ 212
Pension liability	191	63
Income taxes payable—non-current	169	37
Acquisition-related liabilities	51	55
Other	268	168
	<u>\$ 960</u>	<u>\$ 535</u>

15. Long-term Debt and Borrowing Arrangements

Long-term debt and other borrowing arrangements consisted of:

	Maturity Date	As of December 31,	
		2011	2010
Floating Rate Term Loan ^(a)	April 2014	\$ 267	\$ 271
Floating Rate Senior Notes	May 2014	250	250
7 5/8% Senior Notes	May 2014	200	200
3 1/2% Convertible Senior Notes	October 2014	345	345
7 3/4% Senior Notes	May 2016	375	375
Floating Rate Term Loan ^(a)	May 2016	20	—
9 5/8% Senior Notes	March 2018	445	444
Floating Rate Term Loan ^(a)	September 2018	412	—
8 1/4% Senior Notes	January 2019	602	602
9 3/4% Senior Notes	March 2020	250	—
		<u>3,166</u>	<u>2,487</u>
Other		39	15
Total		<u>3,205</u>	<u>2,502</u>
Less: Short-term debt and current portion of long-term debt		37	8
Long-term debt		<u>\$ 3,168</u>	<u>\$ 2,494</u>

^(a) The floating rate term loans are part of the Company's senior credit facilities, which include its revolving credit facility maturing 2016, and are secured by pledges of all of the capital stock of all of the Company's domestic subsidiaries and up to 66% of the capital stock of each direct foreign subsidiary, subject to certain exceptions, and liens on substantially all of the Company's intellectual property and certain other real and personal property.

AVIS BUDGET GROUP, INC. CORPORATE DEBT

3 1/2% Convertible Senior Notes

The Company's 3 1/2% Convertible Senior Notes due 2014 (the "Convertible Notes") were issued in October 2009 at 100% of their face value for aggregate proceeds of \$345 million. The Convertible Notes are general unsecured senior obligations of the Company. The Convertible Notes are not redeemable by the Company prior to maturity; however, they are convertible by the holders at any time prior to the second trading day

before the maturity date of the Convertible Notes. The initial conversion rate for the Convertible Notes is 61.5385 shares of common stock per \$1,000 principal amount, which is equal to an initial conversion price of approximately \$16.25 per share. The Convertible Notes mature October 1, 2014.

Holders may require the Company to repurchase, for cash, all or part of the Convertible Notes upon a “fundamental change”, as defined under the indenture, at a price equal to 100% of the principal amount of the Convertible Notes being repurchased plus any accrued and unpaid interest. In addition, upon a “make-whole fundamental change”, prior to the maturity date of the Convertible Notes, the Company may, in some cases, increase the conversion rate for a holder that elects to convert its notes in connection with such make-whole fundamental change. Under these “make-whole” provisions the Company could be required to issue an additional 6.4 million shares to settle the Convertible Notes. The Company has designated 27.6 million shares (including the shares that could be issued under the “make-whole” provisions) which it can issue to settle its obligation upon conversion.

Concurrently with the issuance of the Convertible Notes, the Company purchased a convertible note hedge and entered into a warrant transaction, which effectively increased the conversion price of the Convertible Notes, from the Company’s perspective, to \$22.50 per share. The convertible note hedge is intended to reduce the net number of shares required to be issued upon conversion of the Convertible Notes. The significant terms of the convertible note hedge and warrant transactions can be found in Note 18—Stockholders’ Equity.

AVIS BUDGET CAR RENTAL CORPORATE DEBT

Floating Rate Term Loans

The Company’s floating rate term loan due 2014 was originally issued in April 2006 as part of the Company’s senior credit facilities. In March 2010, the Company repaid \$451 million of the loan and the terms were amended resulting in \$52 million maturing in April 2012, which was subsequently repaid in October 2010, with the balance maturing in April 2014. The floating rate term loan bears interest at the greater of three-month LIBOR or 1.50% plus 4.25% per annum, for an aggregate rate of 5.75% at December 31, 2011. Quarterly installment payments of approximately \$1 million are required through January 31, 2014. The remaining principal is due at the end of the term. During 2011, the Company repaid approximately \$4 million of outstanding principal under the floating rate term loan pursuant to quarterly installment payment requirements.

The Company’s floating rate term loan due 2016, was issued in October 2011. The \$20 million loan matures in May 2016 and bears interest at three-month LIBOR plus 3% per annum, for an aggregate rate of 3.58% at December 31, 2011. The Company used the proceeds from the loan to partially fund the Avis Europe Acquisition.

The Company’s floating rate term loan due 2018, was issued in October 2011. The \$420 million loan matures in September 2018. The facility bears interest at the greater of three-month LIBOR or 1.25% plus 5% per annum, for an aggregate rate of 6.25% at December 31, 2011. Upon issuance of the loan, the Company paid to the lenders 2% of each lender’s commitments under the loan, which payment was structured as an original issue discount. The Company used the proceeds from the loan to partially fund the Avis Europe Acquisition.

Floating Rate Senior Notes

The Company’s Floating Rate Senior Notes were issued in April 2006 at 100% of their face value for aggregate proceeds of \$250 million. The interest rate on these notes is equal to three-month LIBOR plus 250 basis points, for an aggregate rate of 3.08% at December 31, 2011. The floating rate notes pay interest quarterly on February 15, May 15, August 15 and November 15 of each year. The Company has the right to redeem these notes in whole or in part at any time at the applicable scheduled redemption price, plus in each case, accrued and unpaid interest through the redemption date.

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7⁵/₈% and 7³/₄% Senior Notes

The Company's 7⁵/₈% and 7³/₄% Senior Notes were issued in April 2006 at 100% of their face value for aggregate proceeds of \$750 million. The notes pay interest semi-annually on May 15 and November 15 of each year. The Company has the right to redeem the 7⁵/₈% and 7³/₄% Senior Notes in whole or in part at any time, at the applicable scheduled redemption price, plus any accrued and unpaid interest through the redemption date. In 2010, the Company redeemed \$175 million of its 7⁵/₈% Senior Notes due 2014 at 103.813% plus accrued and unpaid interest.

9⁵/₈% Senior Notes

The Company's 9⁵/₈% Senior Notes were issued in March 2010 at 98.6% of their face value for aggregate proceeds of \$444 million. The notes pay interest semi-annually on March 15 and September 15 of each year. The Company has the right to redeem these notes in whole or in part at any time on or after March 15, 2014, at the applicable redemption price plus any accrued and unpaid interest through the redemption date.

8¹/₄% Senior Notes

The Company's 8¹/₄% Senior Notes were issued through two separate issuances of \$400 million and \$200 million, in October and November 2010, respectively, and form a single series of debt securities. The \$400 million of notes were issued at 100% of their face value and the \$200 million of notes were issued at 101% of their face value, for aggregate proceeds of \$602 million. The notes pay interest semi-annually on January 15 and July 15 of each year. The Company has the right to redeem these notes in whole or in part at any time on or after October 15, 2014 at the applicable redemption price plus any accrued and unpaid interest through the redemption date. In connection with the sale of the notes, the Company entered into a Registration Rights Agreement, pursuant to which it completed in February 2011 an offer to exchange the notes for new notes with terms substantially identical to those of the originally issued notes except that the transfer restrictions and registration rights provisions relating to the originally issued notes do not apply to the new notes.

9³/₄% Senior Notes

The Company's 9³/₄% Senior Notes were issued in October 2011 at 100% of their face value for aggregate proceeds of \$250 million. The notes pay interest semi-annually on March 15 and September 15 of each year, beginning in March 2012. The notes were originally issued by the Company's AE Escrow Corporation subsidiary and were subsequently assumed by Avis Budget Car Rental. The Company has the right to redeem these notes in whole or in part at any time on or after September 15, 2015 at the applicable redemption price plus any accrued and unpaid interest through the redemption date. In connection with the sale of the notes, the Company entered into a Registration Rights Agreement, pursuant to which it completed in November 2011 an offer to exchange the originally issued notes for new notes with terms substantially identical to those of the originally issued notes except that the transfer restrictions and registration rights provisions relating to the originally issued notes do not apply to the new notes.

The Floating Rate Senior Notes, the 7⁵/₈% and 7³/₄% Senior Notes, the 9⁵/₈% Senior Notes, the 8¹/₄% Senior Notes and the 9³/₄% Senior Notes, in each case as described above, are senior unsecured obligations, rank equally in right of payment with all of the Company's existing and future senior indebtedness and are guaranteed on a senior basis by the Company and certain of its domestic subsidiaries.

CORPORATE GUARANTEE

In February 2007, the Company agreed to guarantee (the "Guarantee") the payment of principal, premium, if any, and interest on the 7⁵/₈% Senior Notes, 7³/₄% Senior Notes and Floating Rate Senior Notes. The Company executed a Supplemental Indenture to provide the Guarantee in accordance with the terms and

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limitations of such notes and the indenture governing the notes. In consideration for providing the Guarantee, the Company received \$14 million, before fees and expenses, from certain institutional investors. This consideration has been deferred and is being amortized over the life of the debt. As of December 31, 2011, the deferred consideration remaining to be amortized amounted to approximately \$5 million.

DEBT MATURITIES

The following table provides contractual maturities of the Company's corporate debt at December 31, 2011:

<u>Year</u>	<u>Amount</u>
2012	\$ 37
2013	10
2014	1,064
2015	8
2016	393
Thereafter	1,693
	<u>\$ 3,205</u>

COMMITTED CREDIT FACILITIES AND AVAILABLE FUNDING ARRANGEMENTS

At December 31, 2011, the committed credit facilities available to the Company and/or its subsidiaries at the corporate or Avis Budget Car Rental level were as follows:

	<u>Total Capacity</u>	<u>Outstanding Borrowings</u>	<u>Letters of Credit Issued</u>	<u>Available Capacity</u>
Revolving credit facility maturing 2016 ^{(a) (b)}	\$ 1,400	\$ —	\$ 643	\$ 757
Other facilities ^(c)	11	2	—	9

^(a) This revolving credit facility matures in April 2016 and bears interest of one month LIBOR plus 300 basis points.

^(b) The senior credit facility, which encompasses the floating rate term loans and the revolving credit facility, is secured by pledges of all of the capital stock of all of the Company's domestic subsidiaries and up to 66% of the capital stock of each foreign subsidiary directly owned by the Company's domestic subsidiaries, subject to certain exceptions, and liens on substantially all of the Company's intellectual property and certain other real and personal property.

^(c) These facilities encompass bank overdraft lines of credit, bearing interest of 5.14%-7.25% as of December 31, 2011.

At December 31, 2011, the Company had various uncommitted credit facilities available, under which it had drawn approximately \$25 million, which bear interest at rates between 0.50% and 3.58%.

DEBT COVENANTS

The agreements governing the Company's indebtedness contain restrictive covenants, including restrictions on dividends paid to the Company by certain of its subsidiaries, the incurrence of additional indebtedness by the Company and certain of its subsidiaries, acquisitions, mergers, liquidations, and sale and leaseback transactions. The Company's senior credit facilities contain maximum leverage and minimum coverage ratio requirements. As of December 31, 2011, the Company was in compliance with the financial covenants of its senior credit facilities.

16. Debt Under Vehicle Programs and Borrowing Arrangements

Debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding (AESOP) LLC (“Avis Budget Rental Car Funding”)) consisted of:

	As of	
	December 31,	
	2011	2010
Debt due to Avis Budget Rental Car Funding ^(a)	\$4,574	\$3,987
Budget Truck financing ^(b)	188	244
Capital leases ^(c)	348	—
Other ^(d)	454	284
	<u>\$5,564</u>	<u>\$4,515</u>

(a) The increase reflects increased borrowing within U.S. operations due to an increase in the size of the Company’s U.S. car rental fleet.

(b) The decrease reflects principal payments on borrowings.

(c) The increase reflects the inclusion of capital lease arrangements related to Avis Europe’s vehicle rental fleet.

(d) The increase reflects an increase in borrowings related to an increase in the size of our international fleet, primarily as a result of the Avis Europe Acquisition.

Avis Budget Rental Car Funding (AESOP) LLC. Avis Budget Rental Car Funding, an unconsolidated bankruptcy remote qualifying special purpose limited liability company, issues privately placed notes to investors as well as to banks and bank-sponsored conduit entities. Avis Budget Rental Car Funding uses the proceeds from its note issuances to make loans to a wholly-owned subsidiary of the Company, AESOP Leasing LP (“AESOP Leasing”), on a continuing basis. AESOP Leasing is required to use the proceeds of such loans to acquire or finance the acquisition of vehicles used in the Company’s rental car operations. By issuing debt through the Avis Budget Rental Car Funding program, Avis Budget pays a lower rate of interest than if it had issued debt directly to third parties. Avis Budget Rental Car Funding is not consolidated, as the Company is not the “primary beneficiary” of Avis Budget Rental Car Funding. The Company determined that it is not the primary beneficiary because the Company does not have the obligation to absorb the potential losses or receive the benefits of Avis Budget Rental Car Funding’s activities since the Company’s only significant source of variability in the earnings, losses or cash flows of Avis Budget Rental Car Funding is exposure to its own creditworthiness, due to its loan from Avis Budget Rental Car Funding. Because Avis Budget Rental Car Funding is not consolidated, AESOP Leasing’s loan obligations to Avis Budget Rental Car Funding are reflected as related party debt on the Company’s Consolidated Balance Sheets. The Company also has an asset within Assets under vehicle programs on its Consolidated Balance Sheets which represents securities issued to the Company by Avis Budget Rental Car Funding. AESOP Leasing is consolidated, as the Company is the “primary beneficiary” of AESOP Leasing; as a result, the vehicles purchased by AESOP Leasing remain on the Company’s Consolidated Balance Sheets. The Company determined it is the primary beneficiary of AESOP Leasing, as it has the ability to direct its activities, an obligation to absorb a majority of its expected losses and the right to receive the benefits of AESOP Leasing’s activities. AESOP Leasing’s vehicles and related assets, which as of December 31, 2011, approximate \$6.3 billion and many of which are subject to manufacturer repurchase and guaranteed depreciation agreements, collateralize the debt issued by Avis Budget Rental Car Funding. The assets and liabilities of AESOP Leasing are presented on the Company’s Consolidated Balance Sheets within Assets under vehicle programs and Liabilities under vehicle programs, respectively. The assets of AESOP Leasing, included within Assets under vehicle programs (excluding the Investments in Avis Budget Rental Car Funding (AESOP) LLC– related party) are restricted. Such assets may be used only to repay the respective AESOP Leasing liabilities, included within Liabilities under vehicle programs, and to purchase new vehicles, although if certain collateral coverage requirements are met, AESOP Leasing may pay dividends from excess cash. The creditors of AESOP Leasing and Avis Budget Rental Car Funding have no recourse to the general credit of the Company. The Company periodically provides Avis Budget Rental Car

Funding with non-contractually required support, in the form of equity and loans, to serve as additional collateral for the debt issued by Avis Budget Rental Car Funding. The Company also finances vehicles through other variable interest entities and partnerships, which are consolidated and whose assets and liabilities are included within Assets under vehicle programs and Liabilities under vehicle programs, respectively. The requirements of these entities include maintaining sufficient collateral levels and other covenants.

The business activities of Avis Budget Rental Car Funding are limited primarily to issuing indebtedness and using the proceeds thereof to make loans to AESOP Leasing for the purpose of acquiring or financing the acquisition of vehicles to be leased to the Company's rental car subsidiaries and pledging its assets to secure the indebtedness. Because Avis Budget Rental Car Funding is not consolidated by the Company, its results of operations and cash flows are not reflected within the Company's financial statements. Borrowings under the Avis Budget Rental Car Funding program primarily represent fixed rate notes and had a weighted average interest rate of 4% and 3% as of December 31, 2011 and 2010, respectively. Due to hedging transactions to reduce the Company's exposure to interest rate movements, the Company's weighted average effective interest rate related to the debt of Avis Budget Rental Car Funding was approximately 5% and 6% as of December 31, 2011 and 2010, respectively.

In 2010, the Company established a variable funding note program with a maximum capacity of \$400 million of notes to be issued by Avis Budget Rental Car Funding to the Company to finance the purchase of vehicles. These variable funding notes pay interest of 4.50% at December 31, 2011, and mature in March 2012. As of December 31, 2011, there were no outstanding amounts due to the Company from Avis Budget Rental Car Funding under the program; however, for the year ended December 31, 2011, the Company earned interest income of \$4 million and incurred an equal amount of interest expense on these notes, which was eliminated in consolidation in the Company's financial statements. As of December 31, 2011, the Company's related interest receivable from Avis Budget Rental Car Funding was insignificant.

Truck financing. The Budget Truck Funding program consists of debt facilities established by the Company to finance the acquisition of the Budget Truck rental fleet. The borrowings under the Budget Truck Funding program are collateralized by \$302 million of corresponding assets and are primarily fixed rate notes with a weighted average interest rate of 5% as of December 31, 2011 and 2010. The Company had also obtained a portion of its truck rental fleet under capital lease arrangements which all matured in 2010. Interest paid as part of capital lease obligations was \$1 million and \$4 million in 2010 and 2009, respectively.

Capital Leases. The Company obtained a portion of its vehicles and equipment under capital lease arrangements for which there are corresponding assets of \$348 million classified within vehicles, net on the Company's Consolidated Balance Sheets as of December 31, 2011. For the year ended December 31, 2011, the interest rate on these leases ranged from 3% to 4%. All capital leases are on a fixed repayment basis and interest rates are fixed at the contract date.

Other. Borrowings under the Company's other vehicle rental programs primarily represent amounts issued under financing facilities that provide for borrowings to primarily support the acquisition of vehicles used in the Company's international operations. The debt issued is collateralized by approximately \$1.7 billion of vehicles and related assets and the majority represents floating rate bank loans and a commercial paper conduit facility for which the weighted average interest rate as of December 31, 2011 and 2010, was 5% and 4%, respectively.

In 2011, the Company entered into a €350 million revolving credit facility which matures in October 2013 and bears interest of one-month EURIBOR plus 3% for an aggregate rate of 4.14% at December 31, 2011. This facility provides for the availability of fleet financing for certain of the Company's operations in Europe.

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DEBT MATURITIES

The following table provides the contractual maturities of the Company's debt under vehicle programs (including related party debt due to Avis Budget Rental Car Funding) at December 31, 2011:

	Vehicle- Backed Debt
2012	\$ 2,184
2013	780
2014	865
2015	798
2016	883
Thereafter	54
	<u>\$ 5,564</u>

COMMITTED CREDIT FACILITIES AND AVAILABLE FUNDING ARRANGEMENTS

As of December 31, 2011, available funding under the Company's vehicle programs (including related party debt due to Avis Budget Rental Car Funding) consisted of:

	Total Capacity ^(a)	Outstanding Borrowings	Available Capacity
Debt due to Avis Budget Rental Car Funding	\$ 7,199	\$ 4,574	\$ 2,625
Budget Truck Funding financing	188	188	—
Capital leases	542	348	194
Other	1,479	454	1,025
	<u>\$ 9,408</u>	<u>\$ 5,564</u>	<u>\$ 3,844</u>

(a) Capacity is subject to maintaining sufficient assets to collateralize debt.

DEBT COVENANTS

Debt agreements under the Company's vehicle-backed funding programs contain restrictive covenants, including restrictions on dividends paid to the Company by certain of its subsidiaries and restrictions on indebtedness, mergers, liens, liquidations and sale and leaseback transactions and in some cases also require compliance with certain financial requirements. As of December 31, 2011, the Company is not aware of any instances of non-compliance with any of the financial or restrictive covenants contained in the debt agreements under its vehicle-backed funding programs.

17. Commitments and Contingencies

Lease Commitments

The Company is committed to making rental payments under noncancelable operating leases covering various facilities and equipment. Many of the Company's operating leases for facilities contain renewal options. These renewal options vary, but the majority include clauses for renewal for various term lengths and prevailing market rate rents.

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Future minimum lease payments required under noncancelable operating leases, including minimum concession fees charged by airport authorities which, in many locations, are recoverable from vehicle rental customers, as of December 31, 2011, are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 516
2013	377
2014	272
2015	205
2016	157
Thereafter	784
	<u>\$ 2,311</u>

The future minimum lease payments in the above table have been reduced by minimum future sublease rental inflows in the aggregate of \$6 million.

The Company maintains concession agreements with various airport authorities that allow the Company to conduct its car rental operations onsite. In general, concession fees for airport locations are based on a percentage of total commissionable revenue (as defined by each airport authority), subject to minimum annual guaranteed amounts. These concession fees are included in the Company's total rent expense and for the years ended December 31, 2011, 2010 and 2009, were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Rent and minimum concession fees	\$535	\$473	\$493
Contingent concession expense	104	114	94
	<u>639</u>	<u>587</u>	<u>587</u>
Less: sublease rental income	(5)	(5)	(5)
Total	<u>\$634</u>	<u>\$582</u>	<u>\$582</u>

Commitments under capital leases, other than those within the Company's vehicle rental programs, for which the future minimum lease payments have been reflected in Note 16—Debt Under Vehicle Programs and Borrowing Arrangements, are not significant.

The Company leases a portion of its vehicles under operating leases, which terms extend through 2015. As of December 31, 2011, the Company has guaranteed \$43 million of residual values for these vehicles at the end of their respective lease terms. The Company believes that, based on current market conditions, the net proceeds from the sale of these vehicles at the end of their lease terms will be equal to or exceed their net book values and therefore has not recorded a liability related to guaranteed residual values.

Contingencies

In connection with the spin-offs of Realogy and Wyndham, the Company entered into a Separation Agreement, pursuant to which Realogy assumed 62.5% and Wyndham assumed 37.5% of certain contingent and other corporate liabilities of the Company or its subsidiaries, which are not primarily related to any of the respective businesses of Realogy, Wyndham, our former Travelport subsidiary and/or the Company's vehicle rental operations, and in each case incurred or allegedly incurred on or prior to the Separation ("Assumed Liabilities"). Realogy is entitled to receive 62.5% and Wyndham is entitled to receive 37.5% of the proceeds from certain contingent corporate assets of the Company, which are not primarily related to any of the respective businesses of Realogy, Wyndham, Travelport and/or the Company's vehicle rental operations, arising or accrued on or prior to the Separation ("Assumed Assets"). Additionally, if Realogy or Wyndham were to default on its payment of costs or expenses to the Company related to any Assumed

Liabilities, the Company would be responsible for 50% of the defaulting party's obligation. In such event, the Company would be allowed to use the defaulting party's share of the proceeds of any Assumed Assets as a right of offset.

The Company does not believe that the impact of any resolution of contingent liabilities constituting Assumed Liabilities should result in a material liability to the Company in relation to its consolidated financial position or liquidity, as Realogy and Wyndham each have agreed to assume responsibility for these liabilities.

The Company is also named in various litigation that is primarily related to the businesses of its former subsidiaries, including Realogy, Wyndham and Travelport and their current or former subsidiaries. The Company is entitled to indemnification under the Separation Agreement from such entities for any liability resulting from such litigation.

In April 2007, Realogy was acquired by an affiliate of Apollo Management VI, L.P. The acquisition does not affect Realogy's obligation to satisfy 62.5% of the contingent and other corporate liabilities of the Company or its subsidiaries pursuant to the terms of the Separation Agreement. As a result of the acquisition, Realogy has greater debt obligations and its ability to satisfy its portion of the contingent and other corporate liabilities may be adversely impacted. In accordance with the terms of the Separation Agreement, Realogy posted a letter of credit in April 2007 for the benefit of the Company to cover its estimated share of the Assumed Liabilities discussed above, subject to adjustment, although there can be no assurance that such letter of credit will be sufficient or effective to cover Realogy's actual obligations if and when they arise.

In October 2009, a judgment was entered against the Company in the amount of \$16 million following the completion of a jury trial for damages related to breach of contract in the United States District Court for the District of Alaska. The lawsuit, which was filed in 2003, involved breach of contract and other claims by one of the Company's licensees related to the acquisition of its Budget vehicle rental business in 2002. The Company believes the verdict in this case is unsupported by the evidence. In addition to the judgment for damages, in June 2010, the district court also entered an order against the Company in the amount of \$3 million, in favor of the plaintiff's motions for pre-judgment interest and attorneys' fees. The Company has filed an appeal of the judgment and attorney's fees awarded with the United States Court of Appeals for the Ninth Circuit.

In addition to the matters discussed above, the Company is also involved in claims, legal proceedings and governmental inquiries related to its vehicle rental operations, including with respect to contract disputes, business practices including wage and hour claims, insurance claims, intellectual property claims, environmental issues and other commercial, employment and tax matters, and breach of contract claims by licensees. The Company believes that it has adequately accrued for such matters as appropriate or, for matters not requiring accrual, believes that they will not have a material impact on its results of operations, financial position or cash flows based on information currently available. However, litigation is inherently unpredictable and, although the Company believes that its accruals are adequate and/or that it has valid defenses in these matters, unfavorable resolutions could occur, which could materially impact the Company's results of operations or cash flows in a particular reporting period.

Commitments to Purchase Vehicles

The Company maintains agreements with vehicle manufacturers under which the Company has agreed to purchase approximately \$5.2 billion of vehicles from manufacturers over the next twelve months. The majority of these commitments are subject to the vehicle manufacturers' satisfying their obligations under the repurchase and guaranteed depreciation agreements. The purchase of such vehicles is financed primarily through the issuance of vehicle-backed debt in addition to cash received upon the sale of vehicles in the used car market and under repurchase and guaranteed depreciation programs.

Other Purchase Commitments

In the normal course of business, the Company makes various commitments to purchase goods or services from specific suppliers, including those related to capital expenditures. None of the purchase commitments made by the Company as of December 31, 2011 (aggregating approximately \$152 million) was individually significant. These purchase obligations extend through 2015.

Concentrations

Concentrations of credit risk at December 31, 2011, include (i) risks related to the Company's repurchase and guaranteed depreciation agreements with car manufacturers, including General Motors Company, Volkswagen Group, Fiat Automobiles, Hyundai Motor America, PSA Peugeot Citroën, Chrysler Group LLC, Ford Motor Company, and Kia Motors America, Inc., primarily with respect to receivables for program cars that have been returned to car manufacturers and (ii) risks related to Realogy and Wyndham, including receivables of \$71 million and \$44 million, respectively, related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with the Separation.

Asset Retirement Obligations

The Company maintains a liability for asset retirement obligations. An asset retirement obligation is a legal obligation to perform certain activities in connection with the retirement, disposal or abandonment of assets. The Company's asset retirement obligations, which are measured at discounted fair values, are primarily related to the removal of underground gas storage tanks at its rental facilities. Liabilities accrued for asset retirement obligations were \$28 million and \$18 million at December 31, 2011 and 2010, respectively.

Standard Guarantees/Indemnifications

In the ordinary course of business, the Company enters into numerous agreements that contain standard guarantees and indemnities whereby the Company indemnifies another party, among other things, for breaches of representations and warranties. In addition, many of these parties are also indemnified against any third-party claim resulting from the transaction that is contemplated in the underlying agreement. Such guarantees or indemnifications are granted under various agreements, including those governing (i) purchases, sales or outsourcing of assets or businesses, (ii) leases of real estate, (iii) licensing of trademarks, (iv) access to credit facilities and use of derivatives and (v) issuances of debt or equity securities. The guarantees or indemnifications issued are for the benefit of the (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords in lease contracts, (iii) licensees under licensing agreements, (iv) financial institutions in credit facility arrangements and derivative contracts and (v) underwriters and placement agents in debt or equity security issuances. While some of these guarantees extend only for the duration of the underlying agreement, many survive the expiration of the term of the agreement or extend into perpetuity (unless subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of future payments that the Company could be required to make under these guarantees, nor is the Company able to develop an estimate of the maximum potential amount of future payments to be made under these guarantees as the triggering events are not subject to predictability. With respect to certain of the aforementioned guarantees, such as indemnifications provided to landlords against third-party claims for the use of real estate property leased by the Company, the Company maintains insurance coverage that mitigates its potential exposure.

Other Guarantees

The Company has provided certain guarantees to, or for the benefit of, subsidiaries of Realogy, Wyndham and Travelport which, as previously discussed, were disposed in 2006. These guarantees relate primarily to various real estate operating leases. The maximum potential amount of future payments that the Company

may be required to make under the guarantees relating to these leases is estimated to be approximately \$115 million. At December 31, 2011, the liability recorded by the Company in connection with these guarantees was approximately \$3 million. To the extent that the Company would be required to perform under any of these guarantees, the Company is entitled to indemnification by Realogy, Wyndham and Travelport. The Company monitors the credit ratings and other relevant information for Realogy, Wyndham and Travelport's parent company in order to assess the status of the payment/performance risk of these guarantees.

In connection with the Company's disposition of its former Marketing Services division ("MSD"), the Company agreed to provide certain indemnifications related to, among other things, litigation matters, the substantial majority of which have been settled as of December 31, 2011. In addition, pursuant to a number of commercial arrangements entered into between certain of the Company's subsidiaries and MSD, the Company also agreed, among other things, to provide a minimum number of call transfers to certain MSD subsidiaries, as well as retaining pre-existing guarantee obligations for certain real estate operating lease obligations on behalf of certain MSD subsidiaries. The residual liability as of December 31, 2011, was approximately \$4 million. The maximum potential amount of future payments to be made under these guarantees is approximately \$19 million.

Realogy and Wyndham have agreed to assume responsibility for the Company's potential liabilities relating to PHH and MSD (other than the call transfer obligation). The Company monitors the credit ratings and other relevant information for Realogy and Wyndham in order to assess the status of the payment/performance risk of these guarantees. The Company also has a letter of credit which covers Realogy's portion of these and certain other obligations as discussed above.

The Company has provided certain guarantees to, or for the benefit of, the lenders to Anji Car Rental and Leasing Company Limited ("Anji"), our joint venture in China. These guarantees relate primarily to various bank borrowings used to purchase vehicles and for working capital needs. The maximum potential amount of future payments that the Company may be required to make under the guarantees relating to these borrowings is approximately \$23 million. At December 31, 2011 the fair value of the liability in connection with these guarantees was immaterial.

18. Stockholders' Equity

Cash Dividend Payments

During 2011, 2010 and 2009, the Company did not declare or pay any cash dividends.

Share Repurchases

During 2011, 2010 and 2009, the Company did not repurchase any of its common stock.

Convertible Note Hedge and Warrants

In 2009, the Company purchased a convertible note hedge for approximately \$95 million (\$59 million, net of tax), to potentially reduce the net number of shares required to be issued upon conversion of the Convertible Notes. Concurrently, the Company issued warrants for approximately \$62 million to offset the cost of the convertible note hedge.

The convertible note hedge and warrants, which will be net-share settled, cover the purchase and issuance, respectively, of approximately 21.2 million shares of common stock, subject to customary anti-dilution provisions. The initial strike price per share of the convertible note hedge and warrants is \$16.25 and \$22.50, respectively.

The convertible note hedge expires in October 2014 and is exercisable before expiration only to the extent that corresponding amounts of the Convertible Notes are exercised. The warrants expire ratably over 80

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trading days beginning January 5, 2015. The convertible note hedge and warrant transactions were accounted for as capital transactions and included as a component of stockholders' equity. The significant terms of the Convertible Notes can be found in Note 15—Long-term Debt and Borrowing Arrangements.

Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income is as follows:

	Currency Translation Adjustments	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available- For-Sale Securities	Minimum Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2009	\$ 7	\$ (149)	\$ —	\$ (52)	\$ (194)
Period change	104	43	—	10	157
Balance, December 31, 2009	111	(106)	—	(42)	(37)
Period change	71	60	—	(2)	129
Balance, December 31, 2010	182	(46)	—	(44)	92
Period change	(23)	33	2	(26)	(14)
Balance, December 31, 2011	<u>\$ 159</u>	<u>\$ (13)</u>	<u>\$ 2</u>	<u>\$ (70)</u>	<u>\$ 78</u>

All components of accumulated other comprehensive income (loss) are net of tax, except currency translation adjustments, which exclude income taxes related to indefinite investments in foreign subsidiaries.

During 2011, the Company recorded unrealized gains on cash flow hedges of \$54 million (\$33 million, net of tax) in accumulated other comprehensive income which primarily related to the derivatives used to manage the interest-rate risk associated with the Company's vehicle-backed debt and the Company's floating rate debt (see Note 21—Financial Instruments). Such amount in 2011 includes \$53 million (\$32 million, net of tax) of unrealized gains on cash flow hedges related to the Company's vehicle-backed debt and is offset by a corresponding increase in the Company's Investment in Avis Budget Rental Car Funding on the Consolidated Balance Sheets.

19. Stock-Based Compensation

The Company may grant stock options, stock appreciation rights ("SARs"), restricted shares and restricted stock units ("RSUs") to its directors, officers, other employees and affiliates. As of December 31, 2011, the Company's active stock-based compensation plan consists of the amended 2007 Equity and Incentive Plan, under which the Company is authorized to grant up to 12.5 million shares of its common stock and approximately 3 million shares were available for future grants. The Company may settle employee stock option exercises with either treasury shares, newly issued shares or shares purchased on the open market. The Company typically issues shares related to vested RSUs from treasury shares.

The Company applies the direct method and tax law ordering approach to calculate the tax effects of stock-based compensation. In jurisdictions with net operating loss carryforwards, tax deductions for exercises of stock-based awards generated a \$30 million tax benefit at December 31, 2011 with a corresponding increase to additional paid-in capital. Approximately \$10 million of incremental tax benefits will be recorded in additional paid-in capital when realized in these jurisdictions.

Stock Options

During first quarter 2010, the Company granted 160,000 stock options under the Company's amended 2007 Equity and Incentive Plan. The stock options (i) vest ratably over a five-year term, (ii) expire ten years from

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the date of grant and (iii) have an exercise price that was set at the closing price of the Company's common stock on the date of the grant.

In 2009, the Company granted approximately 4 million stock options under the 2007 Equity and Incentive Plan. Vesting terms provided that approximately 2.7 million time-vesting options would vest on the two-year anniversary date of the grant; approximately 0.9 million performance-vesting options would vest on the one-year anniversary of the date of the grant following attainment of minimum Adjusted EBITDA levels; and 0.4 million market-vesting options, which were granted to the Company's CEO and former President, would vest on the two-year anniversary of the date of the grant provided that the average closing stock price of the Company's common stock equaled or exceeded a certain price for a 20 consecutive trading day period. All vesting terms were satisfied as of December 31, 2011. The option exercise price was set at the closing price of the Company's common stock on the date of the grant and the options expire 10 years from the date of the grant.

Following the spin-offs of Realogy and Wyndham in 2006, all previously outstanding and unvested stock options vested and converted into stock options of Avis Budget, Realogy and Wyndham.

The Company used the Black-Scholes option pricing model to calculate the fair value of the time-vesting stock options granted first quarter 2010 and the time-vesting and performance-vesting stock option awards granted in 2009. The Company determined the fair value of its market-vesting awards using a Monte Carlo simulation model with assumptions including, but not limited to, the options' expected life and the expected volatility of the underlying stock. Based on facts and circumstances at the time of the grant, the Company used the implied volatility of its publicly traded, near-the-money stock options with a remaining maturity of at least one year in 2010 and a blended volatility rate that combines market-based measures of implied volatility with historical volatility as the most appropriate indicator of the Company's expected volatility in 2009, when publicly traded stock options with a remaining maturity of at least one year were not available. The Company considered several factors in estimating the life of the options granted, including the historical option exercise behavior of employees and the option vesting periods. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect at the time of grant and, since the Company does not currently pay or plan to pay a dividend on its common stock, the expected dividend yield was zero. Based on these assumptions, the fair value of the Company's time-vesting stock options issued in first quarter 2010 was estimated to be \$6.16, and the fair value of each of the Company's time-vesting, performance-vesting and market-vesting stock options issued in 2009 was estimated to be approximately \$0.64, \$0.59 and \$0.45, respectively.

The weighted average fair value of stock options granted during the periods and the assumptions used to estimate those values using the Black-Scholes simulation option pricing in 2010 and the Black-Scholes and Monte Carlo simulation option pricing in 2009, as applicable, were as follows:

	2010	2009
Expected volatility of stock price	54%	130%
Risk-free interest rate	2.82%	1.22% -1.46%
Expected life of options	6 years	3-4 years
Dividend yield	0.0%	0.0%

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The annual activity of the Company's common stock option plans consisted of (in thousands of shares):

	2011		2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance at beginning of year	5,026	\$ 7.22	7,196	\$ 11.30	5,003	\$ 24.90
Granted at fair market value	—	—	160	11.53	4,012	0.79
Exercised ^(a)	(1,231)	0.98	(982)	8.45	—	—
Canceled/forfeited/expired	(363)	21.97	(1,348)	28.63	(1,819)	25.51
Balance at end of year ^(b)	<u>3,432</u>	<u>7.90</u>	<u>5,026</u>	<u>7.22</u>	<u>7,196</u>	<u>11.30</u>

^(a) Stock options exercised during 2011 and 2010 had intrinsic value of \$18 million and \$5 million, respectively.
^(b) As of December 31, 2011, the Company's outstanding stock options had an aggregate intrinsic value of \$24 million; there were 2.4 million "in-the-money" stock options; and aggregate unrecognized compensation expense related to unvested stock options was \$1 million, to be recognized over 3.1 years. Approximately 3.3 million stock options are exercisable as of December 31, 2011 and approximately 32,000 stock options are eligible to vest in 2012.

The table below summarizes information regarding the Company's outstanding stock options as of December 31, 2011 (in thousands of shares):

Range of Exercise Prices	Outstanding Options		
	Number of Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
Less than \$5.00	2,376	7.04	\$ 0.79
\$5.01 to \$10.00	—	—	—
\$10.01 to \$15.00	160	8.07	11.53
\$15.01 to \$20.00	127	1.14	18.66
\$20.01 to \$25.00	—	—	—
\$25.01 to \$30.00	759	0.11	27.26
\$30.01 and above	10	2.73	31.98
	<u>3,432</u>	<u>5.32</u>	<u>7.90</u>

Restricted Stock and Stock Unit Awards

RSUs granted by the Company entitle the employee to receive one share of Avis Budget common stock upon vesting, which occurs ratably over a three- or four-year period for the majority of RSUs outstanding as of December 31, 2011. The Company also employs performance- and time-vesting criteria for RSU grants made to certain of the Company's executives. The performance criteria will determine the number of RSUs that will ultimately vest and are based on growth in earnings before taxes and certain other metrics over varying periods of three to four years. The number of performance-based RSUs that will ultimately vest may range from 0% to 100% of the target award.

During 2011, the Company granted 357,000 market-vesting restricted stock units and 652,000 time-based restricted stock units under the Company's amended 2007 Equity and Incentive Plan. The number of market-vesting restricted stock units which will ultimately vest is based on the Company's common stock achieving certain average price targets for a specified number of trading days. Of the market-vesting restricted stock units granted during 2011, 264,000 units vest after three years and 93,000 units vest 50% on

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each of the third and fourth anniversaries of the date of grant. Of the time-based restricted stock units granted during 2011, 621,000 vest ratably on the first three anniversaries of the grant date and 31,000 vest on the first anniversary of the date of the grant.

During 2010, the Company granted 971,000 market-vesting restricted stock units and 989,000 time-based restricted stock units under the Company's 2007 Equity and Incentive Plan. The number of market-vesting restricted stock units which will ultimately vest is based on the Company's common stock achieving certain price targets for a specified number of trading days, with 600,000 of the market-vesting restricted stock units vesting ratably over years two through five following the date of grant and 371,000 of the market-vesting restricted stock units cliff vesting after three years. Of the time-based restricted stock units, 789,000 vest ratably over a three-year period and 200,000 vested on the first anniversary of the date of the grant.

The Company determined the fair value of its market-vesting restricted stock units granted in 2011 and 2010 using a Monte Carlo simulation model. The fair value of each of the Company's market-vesting restricted stock units issued in 2011, which contain three- and four-year vesting periods, was estimated to be approximately \$11.38 and \$12.53, respectively. The fair value of each of the Company's market-vesting restricted stock units issued in 2010, which contain three- and five-year vesting periods, was estimated to be approximately \$8.88 and \$9.57, respectively. The assumptions used to estimate the fair values of the market-vesting restricted stock awards using the Monte Carlo simulation model in 2011 and 2010 were as follows:

	2011	2010
Expected volatility of stock price	48%	54%
Risk-free interest rate	0.47% –1.21%	1.47% –1.74%
Valuation period	3 & 4 years	3 & 5 years
Dividend yield	0.0%	0.0%

The annual activity related to the Company's time- and performance-based RSUs consisted of (in thousands of shares):

	2011		2010		2009	
	Number of RSUs	Weighted Average Grant Price	Number of RSUs	Weighted Average Grant Price	Number of RSUs	Weighted Average Grant Price
Balance at beginning of year	3,059	\$ 13.64	1,855	\$ 19.32	2,673	\$ 20.18
Granted at fair market value ^(a)	1,009	14.45	1,960	11.55	—	—
Vested ^(b)	(729)	14.41	(585)	21.89	(620)	21.93
Canceled	(341)	22.32	(171)	23.10	(198)	22.84
Balance at end of year ^(c)	<u>2,998</u>	<u>12.74</u>	<u>3,059</u>	<u>13.64</u>	<u>1,855</u>	<u>19.32</u>

^(a) Reflects the maximum number of RSUs assuming achievement of all performance- and time-vesting criteria. During 2011, 2010 and 2009, the Company granted 652,000, 989,000 and 0 time-based RSUs, respectively. The number of RSUs granted does not include those for non-employee directors, which are discussed separately below.

^(b) No performance-based RSUs vested during 2011 and 2010; 7,000 vested in 2009.

^(c) As of December 31, 2011, the Company's outstanding RSUs had aggregate intrinsic value of \$32 million. Aggregate unrecognized compensation expense related to RSUs amounted to \$17 million as of December 31, 2011, recognized over the weighted average vesting period of 1.7 years. The Company had approximately 1,281,000, 1,393,000 and 1,016,000 time-based awards outstanding at December 31, 2011, 2010 and 2009, respectively. Performance- and market-based awards outstanding at December 31, 2011, 2010 and 2009 were approximately 1,717,000, 1,666,000 and 839,000, respectively. Approximately 637,000 time-based and 614,000 performance-based RSUs are eligible to vest in 2012, if applicable service and performance criteria are satisfied.

Stock Appreciation Rights

In 2006, the Company issued stock-settled SARs to certain executives. Such SARs are settled in Company stock, have a seven-year term, and vest ratably over a four-year period or after three years with no graded vesting prior thereto. The Company's policy is to grant SARs with exercise prices at then-current fair market value. At December 31, 2011, the Company had approximately 0.5 million SARs outstanding with a weighted average exercise price of \$24.40 and a weighted average contractual life of 1.6 years.

Non-employee Directors Deferred Compensation Plan

The Company grants RSUs annually to members of its Board of Directors representing annual retainer, committee chair and membership stipends, which are payable in the form of Avis Budget common stock upon termination of service. During 2011, 2010 and 2009, the Company granted 54,000, 51,000 and 119,000 RSUs under the 2007 Equity and Incentive Plan to its Board of Directors. The RSU grants are included in the calculation of basic and diluted earnings per share as common stock equivalents.

Employee Stock Purchase Plan

The Company is authorized to sell shares of its Avis Budget common stock to eligible employees under its non-compensatory employee stock purchase plan ("ESPP"). In June 2009, stockholders approved the adoption of the Avis Budget Group Inc. Employee Stock Purchase Plan. Under the terms of the ESPP, the fair market value of the shares of Avis Budget common stock which may be purchased by any employee cannot exceed \$25,000 during any calendar year or 10% of the employee's annual base salary. The purchase price of Avis Budget common stock is calculated at 95% of the fair market value of Avis Budget common stock. The Company reserved 2.5 million shares of Avis Budget common stock for potential purchases under the ESPP. In any given period, up to 125,000 shares purchased may be either newly issued shares or existing treasury shares, and in the aggregate, up to 1 million shares of Avis Budget common stock purchased under the ESPP may be either newly issued shares or existing treasury shares. Subject to the preceding limitation, shares purchased under the ESPP may be either newly issued shares, existing treasury shares, or new purchases in the open market.

Compensation Expense

Compensation expense for all outstanding employee stock awards is based on the estimated fair value of the award at the grant date and is recognized as an expense in the Consolidated Statements of Operations over the requisite service period. The Company's policy is to record compensation expense related to the issuance of stock options, RSUs and SARs to its employees on a straight-line basis over the vesting period of the award and based on the estimated number of stock awards the Company believes it will ultimately provide. The Company records amortization expense related to performance-based RSUs on a straight-line basis over the remaining vesting periods of the respective award and based on the estimated performance goals the Company believes it will ultimately achieve.

The Company recorded pretax stock-based compensation expense of \$17 million (\$11 million, net of tax) during 2011 and \$15 million (\$9 million, net of tax) in each of 2010 and 2009, related to employee stock awards that were granted by the Company.

20. Employee Benefit Plans

Defined Contribution Savings Plans

The Company sponsors several defined contribution savings plans in the United States and certain foreign subsidiaries that provide certain eligible employees of the Company an opportunity to accumulate funds for retirement. The Company matches portions of the contributions of participating employees on the basis specified by the plans. The Company's contributions to these plans were \$15 million, \$9 million and \$6 million during 2011, 2010 and 2009, respectively.

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The Company made changes to various defined contribution savings plans in the United States effective January 1, 2009 and July 1, 2010. Included among these changes were modifications to the Company's matching contribution and certain vesting criteria and the merger of certain plans.

Defined Benefit Pension Plans

The Company sponsors non-contributory defined benefit pension plans in the United States covering certain eligible employees and sponsors contributory and non-contributory defined benefit pension plans in certain foreign subsidiaries with some plans offering participation in the plans at the employees' option. The most material of the non-U.S. defined benefit pension plans is operated in the United Kingdom, under these plans, benefits are based on an employee's years of credited service and a percentage of final average compensation. However, the majority of such plans are frozen to new employees and are no longer accruing benefits. There is an unfunded defined benefit pension plan for employees in Germany, which is closed to new employees, and a statutorily determined unfunded defined benefit termination plan for employees in Italy.

The funded status of the defined benefit pension plans is recognized on the Consolidated Balance Sheets and the gains or losses and prior service costs or credits that arise during the period, but are not recognized as components of net periodic benefit cost, are recognized as a component of accumulated other comprehensive income (loss), net of tax.

The components of net periodic benefit cost and the assumptions related to the cost consisted of the following:

	For the Year Ended December 31,		
	2011	2010	2009
Service cost	\$ 3	\$ 2	\$ 2
Interest cost	17	12	12
Expected return on plan assets	(17)	(11)	(11)
Amortization of unrecognized amounts	8	6	9
Net periodic benefit cost	<u>\$ 11</u>	<u>\$ 9</u>	<u>\$ 12</u>

The Company uses a measurement date of December 31 for its pension plans. The funded status of the pension plans as of December 31, 2011 and 2010 was as follows:

	2011	2010
Change in Benefit Obligation		
Benefit obligation at end of prior year	\$ 236	\$214
Service cost	3	2
Interest cost	17	12
Plan amendments	—	1
Actuarial loss	52	17
Net benefits paid	(14)	(10)
Assumed benefit obligation of acquired entities	306	—
Benefit obligation at end of current year	<u>\$ 600</u>	<u>\$236</u>
Change in Plan Assets		
Fair value of assets at end of prior year	\$ 173	\$156
Actual return on plan assets	22	20
Employer contributions	24	7
Net benefits paid	(14)	(10)
Acquired fair value of plan assets of acquired entities	207	—
Fair value of assets at end of current year	<u>\$ 412</u>	<u>\$173</u>
Total unfunded status at end of year (recognized in other non-current liabilities in the Consolidated Balance Sheets)	<u>\$(188)</u>	<u>\$(63)</u>

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At December 31, 2011, all of the Company's plans were under-funded. The estimated amount that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2012 is \$15 million, which consists of \$14 million for net actuarial loss and \$1 million for prior service cost.

The following assumptions were used to determine pension obligations and pension costs for the principal plans in which the Company's employees participated:

	For the Year Ended December 31,		
	2011	2010	2009
U.S. Pension Benefit Plans			
Discount rate:			
Net periodic benefit cost	5.25%	5.75%	6.25%
Benefit obligation	4.00%	5.25%	5.75%
Long-term rate of return on plan assets	8.00%	8.25%	8.25%
Non-U.S. Pension Benefit Plans			
Discount rate:			
Net periodic benefit cost	5.00%	6.75%	6.75%
Benefit obligation	4.75%	6.50%	6.50%
Long-term rate of return on plan assets	5.25%	6.75%	6.75%

To select a discount rate for its defined benefit pension plans, the Company uses a modeling process that involves matching the expected cash outflows of such plan, to a yield curve constructed from a portfolio of AA-rated fixed-income debt instruments. The Company uses the average yield of this hypothetical portfolio as a discount rate benchmark.

The Company's expected rate of return on plan assets of 8.00% and 5.25% for U.S. plans and non-U.S. plans, respectively, used to determine pension obligations and pension costs, is a long-term rate based on historic plan asset returns over varying long-term periods combined with current market conditions and broad asset mix considerations. The expected rate of returns are long-term assumption and generally does not change significantly, if at all, from year to year.

As of December 31, 2011, substantially all of the Company's defined benefit pension plans had a projected benefit obligation in excess of the fair value of plan assets. The Company expects to contribute approximately \$14 million to the U.S. plans and \$10 million to the non-U.S. plans in 2012.

The Company's defined benefit pension plans' assets are invested primarily in mutual funds and may change in value due to various risks, such as interest rate and credit risk and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of the pension plans' investment securities will occur in the near term and that such changes would materially affect the amounts reported in the Company's financial statements.

The U.S. defined benefit pension plans' investment goals and objectives are managed by the Company with consultation from independent investment advisors. The Company seeks to produce returns on pension plan investments, which are based on levels of liquidity and investment risk that the Company believes are prudent and reasonable, given prevailing capital market conditions. The pension plans' assets are managed in the long-term interests of the participants and the beneficiaries of the plans. The Company's overall investment strategy has been to achieve a mix of approximately 65% of investments for long-term growth and 35% for near-term benefit payments with a wide diversification of asset types and fund strategies. The Company believes that diversification of the pension plans' assets is an important investment strategy to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the pension plans. As such, the Company allocates assets among traditional equity, fixed income (U.S. and non-U.S. government issued securities, corporate bonds and short-term cash investments) and alternative investment strategies.

The equity component's purpose is to provide a total return that will help preserve the purchasing power of the assets. The pension plans hold various mutual funds that invest in equity securities and are diversified

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among funds that invest in large cap, small cap, growth, value and international stocks as well as funds that are intended to “track” an index, such as the S&P 500. The equity investments in the portfolios will represent a greater assumption of market volatility and risk as well as provide higher anticipated total return over the long term. The equity component is expected to approximate 45%-65% of the U.S. pension plans’ assets.

The purpose of the fixed income component is to provide a deflation hedge, to reduce the overall volatility of the pension plans assets in relation to the liability and to produce current income. The pension plans hold mutual funds that invest in securities issued by governments, government agencies and corporations. The fixed income component is expected to approximate 30%-40% of the U.S. pension plans’ assets.

The purpose of the alternative asset component is to provide diversification and current income to the portfolio and to adjust the pension plans’ asset composition opportunistically when market conditions are favorable for equity, fixed income, cash and/or other assets. Investments in real estate mutual funds have been a component of the portfolios to provide downside risk protection as historically they have performed well in poor capital markets. The alternative asset component is expected to approximate 5%-15% of the U.S. pension plans’ assets.

The management of the Company’s non-U.S. defined benefit pension plans’ investment goals and objectives vary slightly by country, but are managed with consultation and advice from independent investment advisors. The investment policy is set with the primary objective to provide appropriate security for all beneficiaries; to achieve long-term growth in the assets sufficient to provide for benefits from the plan; and to achieve an appropriate balance between risk and return with regards to the cost of the plan and the security of the benefits. A suitable strategic asset allocation benchmark is determined for the plans to maintain diversified portfolios, taking into account government requirements, if any, regarding unnecessary investment risk and protection of pension plans’ assets. The defined benefit pension plans’ assets are primarily invested in equities, bonds, absolute return funds and cash.

The Company used significant observable inputs (Level 2 inputs) to determine the fair value of the defined benefit pension plans’ assets. See Note 2—Summary of Significant Accounting Policies for the Company’s methodology used to measure fair value. The following table presents the defined benefit pension plans’ assets measured at fair value, as of December 31:

Asset Class	2011	2010
Cash equivalents	\$ 8	\$ 1
Short term investments	5	5
U.S. stock	84	74
Non-U.S. stock	124	30
Real estate investment trusts	6	6
Non-U.S. government securities	64	3
U.S. government securities	18	13
Corporate bonds	90	40
Other assets	13	1
Total assets	<u>\$412</u>	<u>\$173</u>

The Company estimates that future benefit payments from plan assets will be \$21 million, \$21 million, \$22 million, \$23 million, \$24 million and \$133 million for 2012, 2013, 2014, 2015, 2016 and 2017 to 2021, respectively.

Multiemployer Plans

The Company contributes to a number of multiemployer plans under the terms of collective-bargaining agreements that cover a portion of its employees. The risks of participating in these multiemployer plans are

different from single-employer plans in the following aspects: (i) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; (iii) if the Company elects to stop participating in a multiemployer plan it may be required to contribute to such plan an amount based on the under-funded status of the plan; and (iv) the Company has no involvement in the management of the multiemployer plans' investments. For the years ended December 31, 2011, 2010 and 2009, the Company contributed a total of \$6 million, \$8 million and \$8 million, respectively, to multiemployer plans.

21. Financial Instruments

Risk Management

Foreign Currency Risk. The Company uses foreign exchange contracts to manage its exposure to changes in foreign currency exchange rates associated with its foreign currency denominated receivables and forecasted royalties, forecasted earnings of foreign subsidiaries and forecasted foreign currency denominated acquisitions. The Company often hedges a portion of its current-year foreign currency exposure to the Australian dollar, Canadian dollar and New Zealand dollar and expects that in the future it will often hedge a portion of its current-year exposure to the Euro and the British pound sterling. The majority of forward contracts do not qualify for hedge accounting treatment. The fluctuations in the value of these forward contracts do, however, largely offset the impact of changes in the value of the underlying risk they economically hedge. Forward contracts used to hedge forecasted third-party receipts and disbursements up to 12 months are designated and do qualify as cash flow hedges. The amount of gains or losses reclassified from other comprehensive income to earnings resulting from ineffectiveness or from excluding a component of the forward contracts' gain or loss from the effectiveness calculation for cash flow hedges during 2011, 2010 and 2009 was not material, nor is the amount of gains or losses the Company expects to reclassify from other comprehensive income to earnings over the next 12 months.

Interest Rate Risk. The Company uses various hedging strategies including interest rate swaps and interest rate caps to create an appropriate mix of fixed and floating rate assets and liabilities. During 2011 and 2010, the Company recorded net unrealized gains on cash flow hedges of \$33 million and \$36 million, net of tax, respectively, to other comprehensive income. The after-tax amount of gains or losses reclassified from accumulated other comprehensive income (loss) to earnings resulting from ineffectiveness for 2011, 2010 and 2009 was not material to the Company's results of operations.

In 2010, the Company reclassified a loss of \$24 million, net of tax from accumulated other comprehensive income to earnings in connection with the early termination of certain interest rate swaps related to the repayment of a portion of the Company's outstanding debt. The Company estimates that approximately \$23 million of losses deferred in accumulated other comprehensive income will be recognized in earnings in 2012, which is expected to be offset in earnings by the impact of the underlying hedged items.

The Company uses interest rate swaps, including freestanding derivatives and derivatives designated as cash flow hedges, to manage the risk related to its floating rate corporate debt. In connection with such cash flow hedges, the Company recorded net unrealized gains (losses) of \$1 million, \$(3) million and \$(4) million, net of tax, during 2011, 2010 and 2009, respectively, to other comprehensive income. The Company recorded a \$1 million loss during the year ended December 31, 2011 related to freestanding derivatives.

The Company uses derivatives to manage the risk associated with its floating rate vehicle-backed debt. These derivatives include freestanding derivatives and derivatives designated as cash flow hedges, which have maturities ranging from April 2012 to February 2015. In connection with such cash flow hedges, the Company recorded net unrealized gain of \$32 million, \$39 million and \$47 million, net of tax, during 2011, 2010 and 2009, respectively, to other comprehensive income. The Company recorded losses of \$2 million, \$4 million and \$6 million related to freestanding derivatives during 2011, 2010 and 2009, respectively.

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Commodity Risk. The Company periodically enters into derivative commodity contracts to manage its exposure to changes in the price of unleaded gasoline. These instruments were designated as freestanding derivatives and the changes in fair value are recorded in the Company's consolidated results of operations. These derivatives resulted in a loss of less than \$1 million in 2011. During 2010 and 2009, the Company recorded related gains of \$1 million and \$3 million, respectively. As of December 31, 2011, the Company had commodity contracts for the purchase of 10 million gallons of unleaded gasoline.

Credit Risk and Exposure. The Company is exposed to counterparty credit risks in the event of nonperformance by counterparties to various agreements and sales transactions. The Company manages such risk by evaluating the financial position and creditworthiness of such counterparties and by requiring collateral in certain instances in which financing is provided. The Company mitigates counterparty credit risk associated with its derivative contracts by monitoring the amount for which it is at risk with each counterparty, periodically evaluating counterparty creditworthiness and financial position, and where possible, dispersing its risk among multiple counterparties.

There were no significant concentrations of credit risk with any individual counterparties or groups of counterparties at December 31, 2011 or 2010 other than (i) risks related to the Company's repurchase and guaranteed depreciation agreements with car manufacturers, including General Motors Company, Volkswagen Group, Fiat Automobiles, Hyundai Motor America, PSA Peugeot Citroën, Chrysler Group LLC, Ford Motor Company and Kia Motors America, Inc., with respect to program cars that were disposed but for which the Company has not yet received payment from the manufacturers (see Note 2—Summary of Significant Accounting Policies), (ii) receivables from Realogy and Wyndham related to certain contingent, income tax and other corporate liabilities assumed by Realogy and Wyndham in connection with the Separation and (iii) risks related to leases which have been assumed by Realogy, Wyndham or Travelport but of which the Company is a guarantor. Concentrations of credit risk associated with trade receivables are considered minimal due to the Company's diverse customer base. Bad debts have been minimal historically. The Company does not normally require collateral or other security to support credit sales.

Fair Value

Derivative instruments and hedging activities

As described above, derivative assets and liabilities consist principally of foreign exchange contracts, interest rate swaps, interest rate contracts and commodity contracts.

The Company used significant observable inputs (Level 2 inputs), other than quoted unadjusted prices from active markets (Level 1 inputs), to determine the fair value of its derivative assets and liabilities. Their carrying value represents their fair value.

Certain of the Company's derivative instruments contain collateral support provisions that require the Company to post cash collateral to the extent that these derivatives are in a liability position. The aggregate fair value of such derivatives that are in a liability position and the aggregate fair value of assets needed to settle these derivatives as of December 31, 2011 was approximately \$6 million, for which the Company has posted cash collateral in the normal course of business.

As of December 31, 2011 and 2010, respectively, the Company held derivative instruments with absolute notional values as follows: interest rate caps of \$8.1 billion and \$5.0 billion, interest rate swaps of \$130 million and \$139 million, and foreign exchange contracts of \$919 million and \$128 million.

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Fair values of derivative instruments are as follows:

	As of December 31, 2011		As of December 31, 2010	
	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives	Fair Value, Asset Derivatives	Fair Value, Liability Derivatives
Derivatives designated as hedging instruments (a)				
Interest rate swaps (b)	\$ —	\$ 3	\$ —	\$ 4
Derivatives not designated as hedging instruments (a)				
Foreign exchange contracts (c)	26	1	—	3
Interest rate swaps (b)	—	—	—	1
Interest rate contracts (d)	2	4	1	7
Commodity contracts (e)	—	1	—	—
Total	<u>\$ 28</u>	<u>\$ 9</u>	<u>\$ 1</u>	<u>\$ 15</u>

(a) Amounts in this table exclude derivatives issued by Avis Budget Rental Car Funding, as it is not consolidated by the Company; however, certain amounts related to the derivatives held by Avis Budget Rental Car Funding are included within accumulated other comprehensive income, as discussed in Note 18—Stockholders' Equity.

(b) Included in other non-current liabilities.

(c) Included in other current assets and other current liabilities.

(d) Included in assets under vehicle programs and liabilities under vehicle programs.

(e) Included in other current liabilities.

The effect of derivatives recognized in the Company's Consolidated Financial Statements are as follows:

	For the Year Ended December 31,		
	2011	2010	2009
Derivatives designated as hedging instruments			
Interest rate swaps (a)	\$ 33	\$ 36	\$ 43
Derivatives not designated as hedging instruments			
Foreign exchange contracts (b)	(19)	12	(5)
Interest rate contracts (c)	(3)	(4)	(6)
Commodity contracts (d)	—	1	3
Total	<u>\$ 11</u>	<u>\$ 45</u>	<u>\$ 35</u>

(a) Recognized, net of tax, as a component of other comprehensive income within stockholders' equity.

(b) For the year ended December 31, 2011, included a \$46 million loss in transaction-related costs and a \$27 million gain in operating expenses. For the years ended December 31, 2010 and 2009, amounts were included in operating expenses.

(c) For the year ended December 31, 2011, \$2 million of expense is included in vehicle interest, net and \$1 million of expense is included in interest expense. For the years ended December 31, 2010 and 2009, amounts are included in vehicle interest, net.

(d) Included in operating expenses.

The gain and losses on foreign exchange contracts, recognized in operating expense, were largely offset by the foreign exchange losses/ or gains on the underlying hedged items, primarily intracompany loans. The loss on the interest rate swaps had no impact on net interest expense as it was offset by reduced interest expense on the underlying floating rate debt which it hedges.

Debt Instruments

The fair value of the Company’s financial instruments is generally determined by reference to market values resulting from trading on a national securities exchange or in an over-the-counter market. In some cases where quoted market prices are not available, prices are derived by considering the yield of the benchmark security that was issued to initially price the instruments and adjusting this rate by the credit spread that market participants would demand for the instruments as of the measurement date. In situations where long-term borrowings are part of a conduit facility backed by short-term floating rate debt, the Company has determined that its carrying value approximates the fair value of this debt. The carrying amounts of cash and cash equivalents, available-for-sale securities, accounts receivable, program cash and accounts payable and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities.

The carrying amounts and estimated fair values of financial instruments at December 31 are as follows:

	2011		2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Corporate debt				
Short-term debt and current portion of long-term debt	\$ 37	\$ 37	\$ 8	\$ 8
Long-term debt, excluding convertible debt	2,823	2,842	2,149	2,211
Convertible debt	345	354	345	407
Debt under vehicle programs				
Vehicle-backed debt due to Avis Budget Rental Car Funding	\$ 4,574	\$ 4,643	\$ 3,987	\$ 4,045
Vehicle-backed debt	986	1,001	521	526
Interest rate swaps and interest rate contracts ^(a)	4	4	7	7

^(a) Derivatives in liability position.

22. Segment Information

In conjunction with the Avis Europe Acquisition and the Company’s increased global presence, the Company re-aligned its operating regions and business segments. The Company’s chief operating decision maker assesses performance and allocates resources based upon the separate financial information from the Company’s operating segments. In identifying its reportable segments, the Company considered the nature of services provided, the geographical areas in which the segments operated and other relevant factors. The Company aggregated two of its operating segments into a reportable segment. For all periods presented below, the results of our operations have been re-aligned and presented to conform with the Company’s current segment definitions.

Management evaluates the operating results of each of its reportable segments based upon revenue and “Adjusted EBITDA,” which is defined as income from continuing operations before non-vehicle related depreciation and amortization, any impairment charge, transaction-related costs, non-vehicle related interest and income taxes. The Company’s presentation of Adjusted EBITDA may not be comparable to similarly-titled measures used by other companies.

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Year Ended December 31, 2011

	North America	International	Truck Rental	Corporate and Other ^(a)	Total
Net revenues	\$ 4,495	\$ 1,028	\$ 376	\$ 1	\$5,900
Vehicle depreciation and lease charges, net	969	209	45	—	1,223
Vehicle interest, net	263	11	12	—	286
Adjusted EBITDA	442	127	49	(13)	605
Non-vehicle depreciation and amortization	80	14	1	—	95
Segment assets exclusive of assets under vehicle programs	2,112	1,464	88	184	3,848
Assets under vehicle programs	6,674	2,109	307	—	9,090
Capital expenditures (excluding vehicles)	54	10	1	—	65

^(a) Includes the results of operations of the Company's investments, unallocated corporate overhead, the elimination of transactions between segments.

Year Ended December 31, 2010

	North America	International	Truck Rental	Corporate and Other ^(a)	Total
Net revenues	\$ 4,260	\$ 555	\$ 367	\$ 3	\$5,185
Vehicle depreciation and lease charges, net	1,124	103	60	—	1,287
Vehicle interest, net	288	1	15	—	304
Adjusted EBITDA	266	114	34	(16)	398
Non-vehicle depreciation and amortization	85	3	2	—	90
Segment assets exclusive of assets under vehicle programs	2,515	321	99	527	3,462
Assets under vehicle programs	5,925	580	360	—	6,865
Capital expenditures (excluding vehicles)	57	4	—	—	61

^(a) Includes the results of operations of the Company's investments, unallocated corporate overhead, the elimination of transactions between segments.

Year Ended December 31, 2009

	North America	International	Truck Rental	Corporate and Other ^(a)	Total
Net revenues	\$ 4,297	\$ 478	\$ 354	\$ 2	\$5,131
Vehicle depreciation and lease charges, net	1,263	93	69	—	1,425
Vehicle interest, net	269	3	22	—	294
Adjusted EBITDA	140	94	13	(42)	205
Non-vehicle depreciation and amortization	91	3	2	—	96
Segment assets exclusive of assets under vehicle programs	2,045	279	95	1,152	3,571
Assets under vehicle programs	5,645	445	432	—	6,522
Capital expenditures (excluding vehicles)	37	2	—	—	39

^(a) Includes the results of operations of the Company's investments, unallocated corporate overhead, the elimination of transactions between segments and an \$18 million charge recorded in 2009 for a litigation judgment against the Company related to the 2002 acquisition of the Company's Budget vehicle rental business.

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In 2009, a \$33 million charge was recorded for the impairment of investments (see Note 2—Summary of Significant Accounting Policies). Provided below is a reconciliation of Adjusted EBITDA to income (loss) before income taxes.

	Year Ended December 31,		
	2011	2010	2009
Adjusted EBITDA	\$ 605	\$ 398	\$ 205
Less: Non-vehicle related depreciation and amortization	95	90	96
Interest expense related to corporate debt, net	219	170	153
Early extinguishment of debt	—	52	—
Transaction-related costs	255	14	—
Impairment	—	—	33
Income (loss) before income taxes	\$ 36	\$ 72	\$ (77)

The geographic segment information provided below is classified based on the geographic location of the Company's subsidiaries.

	United States	All Other Countries	Total
2011			
Net revenues	\$ 4,489	\$ 1,411	\$5,900
Assets exclusive of assets under vehicle programs	2,177	1,671	3,848
Assets under vehicle programs	6,553	2,537	9,090
Property and equipment, net	365	128	493
2010			
Net revenues	\$ 4,263	\$ 922	\$5,185
Assets exclusive of assets under vehicle programs	2,949	513	3,462
Assets under vehicle programs	5,899	966	6,865
Property and equipment, net	382	43	425
2009			
Net revenues	\$ 4,323	\$ 808	\$5,131
Assets exclusive of assets under vehicle programs	3,068	503	3,571
Assets under vehicle programs	5,542	980	6,522
Property and equipment, net	400	42	442

23. Guarantor and Non-Guarantor Consolidating Financial Statements

The following consolidating financial information presents Consolidating Condensed Statements of Operations for the years ended December 31, 2011, 2010 and 2009, Consolidating Condensed Balance Sheets as of December 31, 2011 and December 31, 2010 and Consolidating Condensed Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009 for: (i) Avis Budget Group, Inc. (the "Parent"); (ii) Avis Budget Car Rental and Avis Budget Finance, Inc. (the "Subsidiary Issuers"); (iii) the guarantor subsidiaries; (iv) the non-guarantor subsidiaries; (v) elimination entries necessary to consolidate the Parent with the Subsidiary Issuers, the guarantor and non-guarantor subsidiaries; and (vi) the Company on a consolidated basis. The Subsidiary Issuers and the guarantor and non-guarantor subsidiaries are 100% owned by the Parent, either directly or indirectly. All guarantees are full and unconditional and joint and several. This financial information is being presented in relation to the Company's guarantee of the payment of principal, premium (if any) and interest on the notes that have been guaranteed. See Note 15—Long-term Debt and Borrowing Arrangements for additional description of these guaranteed notes. The Senior Notes have separate investors than the equity investors of the Company and are guaranteed by the Parent and certain subsidiaries.

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Investments in subsidiaries are accounted for using the equity method of accounting for purposes of the consolidating presentation. The principal elimination entries relate to investments in subsidiaries and intercompany balances and transactions. For purposes of the accompanying Consolidating Condensed Statements of Operations, certain expenses incurred by the Subsidiary Issuers are allocated to the guarantor and non-guarantor subsidiaries.

Consolidating Condensed Statements of Operations

For the Year Ended December 31, 2011

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Revenues						
Vehicle rental	\$ —	\$ —	\$ 3,393	\$ 945	\$ —	\$4,338
Other	2	—	1,006	1,702	(1,148)	1,562
Net revenues	<u>2</u>	<u>—</u>	<u>4,399</u>	<u>2,647</u>	<u>(1,148)</u>	<u>5,900</u>
Expenses						
Operating	3	8	2,241	773	—	3,025
Vehicle depreciation and lease charges, net	—	—	921	868	(566)	1,223
Selling, general and administrative	11	—	564	181	—	756
Vehicle interest, net	—	(1)	243	296	(252)	286
Non-vehicle related depreciation and amortization	—	—	78	17	—	95
Interest expense related to corporate debt, net:						
Interest expense	10	208	—	1	—	219
Intercompany interest expense (income)	(14)	(205)	215	4	—	—
Restructuring charges	—	—	2	3	—	5
Transaction-related costs	71	56	—	128	—	255
Total expenses	<u>81</u>	<u>66</u>	<u>4,264</u>	<u>2,271</u>	<u>(818)</u>	<u>5,864</u>
Income (loss) before income taxes and equity in earnings of subsidiaries	(79)	(66)	135	376	(330)	36
Provision for (benefit) from income taxes	(27)	(22)	66	48	—	65
Equity in earnings (loss) of subsidiaries	23	67	(2)	—	(88)	—
Net income (loss)	<u>\$ (29)</u>	<u>\$ 23</u>	<u>\$ 67</u>	<u>\$ 328</u>	<u>\$ (418)</u>	<u>\$ (29)</u>

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For the Year Ended December 31, 2010

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Revenues						
Vehicle rental	\$ —	\$ —	\$ 3,261	\$ 621	\$ —	\$3,882
Other	4	—	922	1,672	(1,295)	1,303
Net revenues	<u>4</u>	<u>—</u>	<u>4,183</u>	<u>2,293</u>	<u>(1,295)</u>	<u>5,185</u>
Expenses						
Operating	5	8	2,084	519	—	2,616
Vehicle depreciation and lease charges, net	—	—	1,085	1,070	(868)	1,287
Selling, general and administrative	11	—	473	85	—	569
Vehicle interest, net	—	—	283	146	(125)	304
Non-vehicle related depreciation and amortization	—	—	83	7	—	90
Interest expense related to corporate debt, net:						
Interest expense	9	163	—	(2)	—	170
Intercompany interest expense (income)	(14)	(215)	229	—	—	—
Early extinguishment of debt	—	52	—	—	—	52
Restructuring charges	—	—	11	—	—	11
Transaction-related costs	14	—	—	—	—	14
Total expenses	<u>25</u>	<u>8</u>	<u>4,248</u>	<u>1,825</u>	<u>(993)</u>	<u>5,113</u>
Income (loss) before income taxes and equity in earnings of subsidiaries	(21)	(8)	(65)	468	(302)	72
Provision for (benefit) from income taxes	(9)	(8)	(5)	40	—	18
Equity in earnings (loss) of subsidiaries	66	66	126	—	(258)	—
Net income (loss)	<u>\$ 54</u>	<u>\$ 66</u>	<u>\$ 66</u>	<u>\$ 428</u>	<u>\$ (560)</u>	<u>\$ 54</u>

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For the Year Ended December 31, 2009

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues						
Vehicle rental	\$ —	\$ —	\$ 3,354	\$ 552	\$ —	\$3,906
Other	2	—	890	1,786	(1,453)	1,225
Net revenues	<u>2</u>	<u>—</u>	<u>4,244</u>	<u>2,338</u>	<u>(1,453)</u>	<u>5,131</u>
Expenses						
Operating	15	27	2,136	458	—	2,636
Vehicle depreciation and lease charges, net	—	—	1,241	1,201	(1,017)	1,425
Selling, general and administrative	11	—	468	72	—	551
Vehicle interest, net	—	—	273	87	(66)	294
Non-vehicle related depreciation and amortization	—	—	89	7	—	96
Interest expense related to corporate debt, net:						
Interest expense	2	153	—	(2)	—	153
Intercompany interest expense (income)	—	(153)	153	—	—	—
Restructuring charges	—	—	18	2	—	20
Impairment	32	1	—	—	—	33
Total expenses	<u>60</u>	<u>28</u>	<u>4,378</u>	<u>1,825</u>	<u>(1,083)</u>	<u>5,208</u>
Income (loss) before income taxes and equity in earnings of subsidiaries	(58)	(28)	(134)	513	(370)	(77)
Provision for (benefit) from income taxes	(23)	(2)	(35)	30	—	(30)
Equity in earnings (loss) of subsidiaries	(12)	14	113	—	(115)	—
Net income (loss)	<u>\$ (47)</u>	<u>\$ (12)</u>	<u>\$ 14</u>	<u>\$ 483</u>	<u>\$ (485)</u>	<u>\$ (47)</u>

Consolidating Condensed Balance Sheets

As of December 31, 2011

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Assets						
Current assets:						
Cash and cash equivalents	\$ 2	\$ 234	\$ 1	\$ 297	\$ —	\$ 534
Receivables, net	—	61	140	306	—	507
Deferred income taxes	8	—	129	3	(20)	120
Other current assets	7	63	76	251	(17)	380
Total current assets	17	358	346	857	(37)	1,541
Property and equipment, net	—	70	295	128	—	493
Deferred income taxes	36	177	229	2	—	444
Goodwill	—	—	74	279	—	353
Other intangibles, net	—	44	342	327	—	713
Other non-current assets	124	92	5	83	—	304
Intercompany receivables (payables)	348	1,158	(1,071)	(435)	—	—
Investment in subsidiaries	376	1,769	3,192	—	(5,337)	—
Total assets exclusive of assets under vehicle programs	901	3,668	3,412	1,241	(5,374)	3,848
Assets under vehicle programs:						
Program cash	—	—	—	11	—	11
Vehicles, net	—	6	4	8,346	—	8,356
Receivables from vehicle manufacturers and other	—	—	—	380	—	380
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	343	—	343
	—	6	4	9,080	—	9,090
Total assets	\$ 901	\$ 3,674	\$ 3,416	\$ 10,321	\$ (5,374)	\$12,938
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	\$ 32	\$ 284	\$ 531	\$ 620	\$ (34)	\$ 1,433
Short-term debt and current portion of long-term debt	—	8	2	27	—	37
Total current liabilities	32	292	533	647	(34)	1,470
Long-term debt	345	2,814	9	—	—	3,168
Other non-current liabilities	112	211	262	375	—	960
Total liabilities exclusive of liabilities under vehicle programs	489	3,317	804	1,022	(34)	5,598
Liabilities under vehicle programs:						
Debt	—	3	—	987	—	990
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	4,574	—	4,574
Deferred income taxes	—	—	843	139	—	982
Other	—	—	—	382	—	382
	—	3	843	6,082	—	6,928
Total stockholders' equity	412	354	1,769	3,217	(5,340)	412
Total liabilities and stockholders' equity	\$ 901	\$ 3,674	\$ 3,416	\$ 10,321	\$ (5,374)	\$12,938

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As of December 31, 2010

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Assets						
Current assets:						
Cash and cash equivalents	\$ 257	\$ 513	\$ 3	\$ 138	\$ —	\$ 911
Receivables, net	—	77	148	90	—	315
Deferred income taxes	8	—	122	5	(5)	130
Other current assets	70	65	84	97	(34)	282
Total current assets	335	655	357	330	(39)	1,638
Property and equipment, net	—	61	321	43	—	425
Deferred income taxes	44	300	229	14	—	587
Goodwill	—	—	74	2	—	76
Other intangibles, net	—	7	382	92	—	481
Other non-current assets	140	97	11	24	(17)	255
Intercompany receivables (payables)	105	539	(792)	148	—	—
Investment in subsidiaries	337	1,112	2,392	—	(3,841)	—
Total assets exclusive of assets under vehicle programs	961	2,771	2,974	653	(3,897)	3,462
Assets under vehicle programs:						
Program cash	—	—	—	4	—	4
Vehicles, net	—	8	24	6,390	—	6,422
Receivables from vehicle manufacturers and other	—	—	—	149	—	149
Investment in Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	290	—	290
	—	8	24	6,833	—	6,865
Total assets	\$ 961	\$ 2,779	\$ 2,998	\$ 7,486	\$ (3,897)	\$10,327
Liabilities and stockholders' equity						
Current liabilities:						
Accounts payable and other current liabilities	\$ 72	\$ 250	\$ 488	\$ 148	\$ (33)	\$ 925
Current portion of long-term debt	—	4	4	—	—	8
Total current liabilities	72	254	492	148	(33)	933
Long-term debt	345	2,139	10	—	—	2,494
Other non-current liabilities	134	58	237	120	(14)	535
Total liabilities exclusive of liabilities under vehicle programs	551	2,451	739	268	(47)	3,962
Liabilities under vehicle programs:						
Debt	—	7	—	521	—	528
Due to Avis Budget Rental Car Funding (AESOP) LLC-related party	—	—	—	3,987	—	3,987
Deferred income taxes	—	—	1,147	186	—	1,333
Other	—	—	—	107	—	107
	—	7	1,147	4,801	—	5,955
Total stockholders' equity	410	321	1,112	2,417	(3,850)	410
Total liabilities and stockholders' equity	\$ 961	\$ 2,779	\$ 2,998	\$ 7,486	\$ (3,897)	\$10,327

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Consolidating Condensed Statements of Cash Flows

For the Year Ended December 31, 2011

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Net cash provided by (used in) operating activities	\$ (32)	\$ (1,241)	\$ (291)	\$ 2,661	\$ 481	\$ 1,578
Investing activities						
Property and equipment additions	—	(17)	(34)	(14)	—	(65)
Proceeds received on asset sales	—	10	2	2	—	14
Net assets acquired (net of cash acquired) and acquisition-related payments	—	—	(1)	(840)	—	(841)
Other, net	(2)	(1)	—	(4)	—	(7)
Net cash (used in) investing activities exclusive of vehicle programs	(2)	(8)	(33)	(856)	—	(899)
<i>Vehicle programs:</i>						
Decrease in program cash	—	—	—	(11)	—	(11)
Investment in vehicles	—	(73)	(3)	(8,583)	—	(8,659)
Proceeds received on disposition of vehicles	—	11	7	7,178	—	7,196
Investment in debt securities of AESOP— related party	(400)	—	—	—	—	(400)
Investment in debt securities of AESOP— related party	400	—	—	—	—	400
	—	(62)	4	(1,416)	—	(1,474)
Net cash provided by (used in) investing activities	(2)	(70)	(29)	(2,272)	—	(2,373)
Financing activities						
Proceeds from borrowings	—	682	—	—	—	682
Principal payments on borrowings	—	(4)	(4)	(660)	—	(668)
Net change in short-term borrowings	—	—	—	(97)	—	(97)
Net intercompany transactions	(184)	396	323	(54)	(481)	—
Debt financing fees	(38)	(40)	—	—	—	(78)
Other, net	1	—	—	—	—	1
Net cash provided by (used in) financing activities exclusive of vehicle programs	(221)	1,034	319	(811)	(481)	(160)
<i>Vehicle programs:</i>						
Proceeds from borrowings	—	—	—	10,534	—	10,534
Principal payments on borrowings	—	—	—	(9,917)	—	(9,917)
Debt financing fees	—	(2)	(1)	(30)	—	(33)
	—	(2)	(1)	587	—	584
Net cash provided by (used in) financing activities	(221)	1,032	318	(224)	(481)	424
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	(6)	—	(6)
Net increase (decrease) in cash and cash equivalents	(255)	(279)	(2)	159	—	(377)
Cash and cash equivalents, beginning of period	257	513	3	138	—	911
Cash and cash equivalents, end of period	<u>\$ 2</u>	<u>\$ 234</u>	<u>\$ 1</u>	<u>\$ 297</u>	<u>\$ —</u>	<u>\$ 534</u>

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For the Year Ended December 31, 2010

	<u>Parent</u>	<u>Subsidiary Issuers</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Total</u>
Net cash provided by (used in) operating activities	\$ 72	\$ 61	\$ (263)	\$ 1,470	\$ 300	\$ 1,640
Investing activities						
Property and equipment additions	—	(13)	(42)	(6)	—	(61)
Proceeds received on asset sales	—	12	—	2	—	14
Net assets acquired (net of cash acquired) and acquisition-related payments	—	—	—	(2)	—	(2)
Other, net	(3)	(3)	—	—	—	(6)
Net cash (used in) investing activities exclusive of vehicle programs	(3)	(4)	(42)	(6)	—	(55)
<i>Vehicle programs:</i>						
Decrease in program cash	—	—	—	162	—	162
Investment in vehicles	—	(20)	—	(8,011)	—	(8,031)
Proceeds received on disposition of vehicles	—	34	9	6,276	—	6,319
Investment in debt securities of AESOP—related party	(570)	—	—	—	—	(570)
Investment in debt securities of AESOP—related party	570	—	—	—	—	570
Other, net	—	—	—	2	—	2
	<u>—</u>	<u>14</u>	<u>9</u>	<u>(1,571)</u>	<u>—</u>	<u>(1,548)</u>
Net cash provided by (used in) investing activities	(3)	10	(33)	(1,577)	—	(1,603)
Financing activities						
Proceeds from borrowings	—	1,046	—	—	—	1,046
Principal payments on borrowings	—	(684)	(4)	—	—	(688)
Net intercompany transactions	(62)	80	332	(50)	(300)	—
Debt financing fees	—	(46)	—	—	—	(46)
Other, net	8	2	—	—	—	10
Net cash provided by (used in) financing activities exclusive of vehicle programs	(54)	398	328	(50)	(300)	322
<i>Vehicle programs:</i>						
Proceeds from borrowings	—	—	—	9,355	—	9,355
Principal payments on borrowings	—	(1)	(31)	(9,120)	—	(9,152)
Net change in short-term borrowings	—	—	—	(110)	—	(110)
Debt financing fees	—	(25)	(5)	(5)	—	(35)
	<u>—</u>	<u>(26)</u>	<u>(36)</u>	<u>120</u>	<u>—</u>	<u>58</u>
Net cash provided by (used in) financing activities	(54)	372	292	70	(300)	380
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	12	—	12
Net increase (decrease) in cash and cash equivalents	15	443	(4)	(25)	—	429
Cash and cash equivalents, beginning of period	242	70	7	163	—	482
Cash and cash equivalents, end of period	<u>\$ 257</u>	<u>\$ 513</u>	<u>\$ 3</u>	<u>\$ 138</u>	<u>\$ —</u>	<u>\$ 911</u>

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For the Year Ended December 31, 2009

	Parent	Subsidiary Issuers	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Net cash provided by (used in) operating activities	\$ (70)	\$ 60	\$ 57	\$ 1,448	\$ (4)	\$ 1,491
Investing activities						
Property and equipment additions	—	(10)	(26)	(3)	—	(39)
Proceeds received on asset sales	—	13	—	1	—	14
Other, net	2	(2)	(1)	1	—	—
Net cash provided by (used in) investing activities exclusive of vehicle programs	2	1	(27)	(1)	—	(25)
<i>Vehicle programs:</i>						
Increase in program cash	—	—	—	(145)	—	(145)
Investment in vehicles	—	(36)	—	(6,739)	—	(6,775)
Proceeds received on disposition of vehicles	—	74	7	7,063	—	7,144
Other, net	—	—	—	(33)	—	(33)
	—	38	7	146	—	191
Net cash provided by (used in) investing activities	2	39	(20)	145	—	166
Financing activities						
Proceeds from borrowings	345	100	—	—	—	445
Principal payments on borrowings	—	(109)	(2)	—	—	(111)
Proceeds from warrant issuance	62	—	—	—	—	62
Purchases call options	(95)	—	—	—	—	(95)
Net intercompany transactions	—	(2)	52	(54)	4	—
Debt financing fees	(11)	—	—	—	—	(11)
Other, net	(2)	—	—	—	—	(2)
Net cash provided by (used in) financing activities exclusive of vehicle programs	299	(11)	50	(54)	4	288
<i>Vehicle programs:</i>						
Proceeds from borrowings	—	—	—	7,527	—	7,527
Principal payments on borrowings	—	(43)	(95)	(9,009)	—	(9,147)
Net change in short-term borrowings	—	—	—	(107)	—	(107)
Debt financing fees	—	(26)	—	—	—	(26)
	—	(69)	(95)	(1,589)	—	(1,753)
Net cash provided by (used in) financing activities	299	(80)	(45)	(1,643)	4	(1,465)
Effect of changes in exchange rates on cash and cash equivalents	—	—	—	32	—	32
Net increase (decrease) in cash and cash equivalents	231	19	(8)	(18)	—	224
Cash and cash equivalents, beginning of period	11	51	15	181	—	258
Cash and cash equivalents, end of period	<u>\$ 242</u>	<u>\$ 70</u>	<u>\$ 7</u>	<u>\$ 163</u>	<u>\$ —</u>	<u>\$ 482</u>

24. Selected Quarterly Financial Data—(unaudited)

Provided below are selected unaudited quarterly financial data for 2011 and 2010.

The earnings per share information is calculated independently for each quarter based on the weighted average common stock and common stock equivalents outstanding, which may fluctuate, based on quarterly income levels and market prices. Therefore, the sum of the quarters' per share information may not equal the annual amount presented on the Consolidated Statements of Operations.

	2011			
	First ^(b)	Second ^(c)	Third ^(d)	Fourth ^{(a)(e)}
Net revenues	\$ 1,235	\$ 1,412	\$ 1,623	\$ 1,630
Net income (loss)	7	52	82	(170)
<i>Per share information:</i>				
Basic				
Net income (loss)	\$ 0.07	\$ 0.49	\$ 0.78	\$ (1.62)
Weighted average shares	104.6	105.4	105.4	105.5
Diluted				
Net income (loss)	\$ 0.06	\$ 0.42	\$ 0.65	\$ (1.62)
Weighted average shares	106.8	129.0	128.9	105.5

	2010			
	First ^{(a)(f)}	Second ^(g)	Third ^(h)	Fourth ^{(a)(f)}
Net revenues	\$ 1,153	\$ 1,294	\$ 1,512	\$ 1,226
Net income (loss)	(38)	26	90	(24)
<i>Per share information:</i>				
Basic				
Net income (loss)	\$ (0.37)	\$ 0.25	\$ 0.88	\$ (0.23)
Weighted average shares	102.6	103.1	103.2	103.3
Diluted				
Net income (loss)	\$ (0.37)	\$ 0.22	\$ 0.73	\$ (0.23)
Weighted average shares	102.6	126.6	126.6	103.3

(a) As the Company incurred a loss from continuing operations for this period, all outstanding stock options, restricted stock units, stock warrants and issuable shares underlying the convertible notes issued in 2009 are anti-dilutive for such period. Accordingly, basic and diluted weighted average shares outstanding are equal for such period.

(b) Net income for first quarter 2011 includes \$7 million (\$4 million, net of tax) of interest expense and \$2 million (\$1 million, net of tax) of transaction-related costs related to the Company's previous efforts to acquire Dollar Thrifty.

(c) Net income for second quarter 2011 includes \$11 million (\$9 million, net of tax) of due-diligence, advisory and other expenses, and \$7 million (\$4 million, net of tax) of interest expense, both related to the Avis Europe Acquisition and the Company's previous efforts to acquire Dollar Thrifty, and \$23 million (\$14 million, net of taxes) of losses on foreign-currency hedges related to the Avis Europe Acquisition purchase price.

(d) Net income for third quarter 2011 includes \$47 million (\$31 million, net of tax) related to due-diligence, advisory and other expenses related to the Avis Europe Acquisition and the Company's previous efforts to acquire Dollar Thrifty, and \$26 million (\$16 million, net of taxes) of losses on foreign-currency hedges related to the Avis Europe purchase price.

(e) Net income for fourth quarter 2011 includes charges of \$160 million (\$153 million, net of tax) related primarily to the Avis Europe Acquisition, including a \$117 million (\$117 million, net of tax) non-cash charge related to the unfavorable license rights acquired by the Company, \$39 million (\$33 million, net of tax) related to due-diligence, advisory and other expenses, and \$4 million (\$3 million, net of tax) for amortization expense related to intangible assets recognized in the Avis Europe acquisition; and \$5 million (\$3 million, net of tax) related to the Company's restructuring initiatives (see Note 4—Restructuring Charges).

(f) Net income for first quarter 2010 includes charges of \$40 million (\$24 million, net of tax) related to the early extinguishment of corporate debt and \$1 million (\$1 million, net of tax) related to the Company's restructuring initiatives.

(g) Net income for second quarter 2010 includes a \$2 million charge (\$1 million, net of tax) related to restructuring initiatives, \$2 million (\$1 million, net of tax) of expenses related to the Company's previous efforts to acquire Dollar Thrifty and \$1 million (\$1 million, net of tax) of expense related to a charge recorded in 2009 for an adverse litigation judgment.

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- (b) Net income for third quarter 2010 includes \$6 million (\$4 million, net of tax) in restructuring charges and \$5 million (\$3 million, net of tax) of expenses related to the Company's previous efforts to acquire Dollar Thrifty.
- (i) Net income for fourth quarter 2010 includes charges of \$12 million (\$8 million, net of tax) related to the early extinguishment of corporate debt, \$15 million (\$9 million, net of tax) of transaction-related costs and interest expense related to the Company's previous efforts to acquire Dollar Thrifty and \$2 million (\$1 million, net of tax) related to the Company's restructuring initiatives.

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Schedule II—Valuation and Qualifying Accounts

(in millions)

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Expensed</u>	<u>Other Adjustments</u>	<u>Deductions</u>	<u>Balance at End of Period</u>
Allowance for Doubtful Accounts:					
Year Ended December 31,					
2011	\$ 16	\$ 9	\$ —	\$ (4)	\$ 21
2010	14	6	1	(5)	16
2009	17	6	(1)	(8)	14
Tax Valuation Allowance:					
Year Ended December 31,					
2011 ^(a)	\$ 192	\$ 16	\$ 65	\$ —	\$ 273
2010	166	26	—	—	192
2009	157	9	—	—	166

^(a) For 2011, other adjustments relate to the Avis Europe Acquisition.

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
2.1	Separation and Distribution Agreement by and among Cendant Corporation*, Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc., dated as of July 27, 2006 (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated August 1, 2006).
2.2	Letter Agreement dated August 23, 2006 related to the Separation and Distribution Agreement by and among Realogy Corporation, Cendant Corporation*, Wyndham Worldwide Corporation and Travelport Inc. dated as of July 27, 2006 (Incorporated by reference to Exhibit 2.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2007).
3.1	Amended and Restated Certificate of Incorporation of Avis Budget Group, Inc. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated September 5, 2006).
3.2	Amended and Restated Bylaws of Avis Budget Group, Inc. (as of November 5, 2009) (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated November 5, 2009).
4.1(a)	Indenture, dated as of April 19, 2006, among Avis Budget Car Rental, LLC, Avis Budget Finance, Inc., the guarantors from time to time parties thereto and the Bank of Nova Scotia Trust Company of New York, as trustee, relating to \$1,000 million aggregate principal amount of senior notes, consisting of \$250 million aggregate principal amount of Floating Rate Senior Notes due 2014, \$375 million aggregate principal amount of 7.625% Senior Notes due 2014 and \$375 million aggregate principal amount of 7.750% Senior Notes due 2016 (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated April 21, 2006).
4.1(b)	Supplemental Indenture, dated as of February 9, 2007, to the Indenture, dated as of April 19, 2006, among Avis Budget Car Rental, LLC, Avis Budget Finance, Inc., the guarantors from time to time parties thereto and the Bank of Nova Scotia Trust Company of New York, as trustee (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 9, 2007).
4.1(c)	Second Supplemental Indenture, dated as of January 28, 2009, among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as Issuers, the guarantors from time to time parties thereto and the Bank of Nova Scotia Trust Company of New York, as trustee (Incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
4.1(d)	Third Supplemental Indenture, dated as of November 5, 2009 among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc. as Issuers, the guarantors from time to time parties thereto and the Bank of Nova Scotia Trust Company of New York, as trustee (Incorporated by reference to Exhibit 4.1(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 dated February 23, 2010).
4.1(e)	Supplemental Indenture, dated as of June 30, 2011, to the Indenture, dated as of April 19, 2006, among Avis Budget Car Rental, LLC, Avis Budget Finance, Inc., the guarantors from time to time parties thereto and the Bank of Nova Scotia Trust Company of New York, as trustee (Incorporated by reference to Exhibit 4.1(e) to Avis Budget Car Rental, LLC and Avis Budget Finance, Inc.'s Registration Statement on Form S-4, Registration No. 333-17490, dated October 25, 2011).
4.2	Form of Exchange Floating Rate Note (Included in Exhibit 10.4 to the Company's Current Report on Form 8-K dated April 21, 2006).
4.3	Form of Exchange 7.625% Note (Included in Exhibit 10.4 to the Company's Current Report on Form 8-K dated April 21, 2006).
4.4	Form of Exchange 7.75% Note (Included in Exhibit 10.4 to the Company's Current Report on Form 8-K dated April 21, 2006).

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EXHIBIT NO.	DESCRIPTION
4.5	Indenture dated as of October 13, 2009, by and between Avis Budget Group, Inc. and The Bank of Nova Scotia Trust Company of New York, as Trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated October 13, 2009).
4.6(a)	Indenture dated as of March 10, 2010 among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as Issuers, the Guarantors from time to time parties thereto and The Bank of Nova Scotia Trust Company of New York as Trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated March 11, 2010).
4.6(b)	Supplemental Indenture, dated as of June 30, 2011, to the Indenture, dated as of March 10, 2010 among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as Issuers, the Guarantors from time to time parties thereto and The Bank of Nova Scotia Trust Company of New York as Trustee (Incorporated by reference to Exhibit 4.6(b) to Avis Budget Car Rental, LLC and Avis Budget Finance, Inc.'s Registration Statement on Form S-4, Registration No. 333-17490, dated October 25, 2011).
4.7	Form of 9 ⁵ / ₈ % Senior Notes Due 2018 (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated March 11, 2010).
4.8(a)	Indenture dated as of October 15, 2010 among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as Issuers, the Guarantors from time to time parties thereto and The Bank of Nova Scotia Trust Company of New York as Trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated October 18, 2010).
4.8(b)	Supplemental Indenture, dated as of June 30, 2011, to the Indenture dated as of October 15, 2010 among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., as Issuers, the Guarantors from time to time parties thereto and The Bank of Nova Scotia Trust Company of New York as Trustee. (Incorporated by reference to Exhibit 4.8(b) to Avis Budget Car Rental, LLC and Avis Budget Finance, Inc.'s Registration Statement on Form S-4, Registration No. 333-17490, dated October 25, 2011).
4.9	Form of 8.25% Senior Notes Due 2019 (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated October 18, 2010).
4.10(a)	Indenture dated as of October 3, 2011 between AE Escrow Corporation and The Bank of Nova Scotia Trust Company of New York as Trustee (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated October 14, 2011).
4.10(b)	Supplemental Indenture dated as of October 10, 2011 among Avis Budget Car Rental, LLC, Avis Budget Finance, Inc., Avis Budget Group, Inc., Avis Budget Holdings, LLC, and the other guarantors party thereto and The Bank of Nova Scotia Trust Company of New York, as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated October 14, 2011).
4.11	Form of 9.75% Senior Notes Due 2020 (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated October 5, 2011).
10.1	Amended and Restated Employment Agreement between Avis Budget Group, Inc. and Ronald L. Nelson (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 29, 2010).†
10.2	Employment Agreement between Avis Budget Group, Inc. and F. Robert Salerno (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated December 31, 2008). †
10.3	Amended and Restated Employment Agreement between Avis Budget Group, Inc. and David B. Wyshner (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 27, 2012).†

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.4	Agreement between Avis Budget Group, Inc. and Mark J. Servodidio (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated December 31, 2008).†
10.5	Agreement between Avis Budget Group, Inc. and Larry D. De Shon (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated December 31, 2008).†
10.6	Agreement between Avis Budget Group, Inc. and Patric T. Siniscalchi (Incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).†
10.7(a)	Agreement between Avis Budget Group, Inc. and Thomas Gartland dated April 21, 2008 (Incorporated by reference to Exhibit 10.7(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 dated February 23, 2010).†
10.7(b)	Agreement between Avis Budget Group, Inc. and Thomas Gartland dated December 19, 2008 (Incorporated by reference to Exhibit 10.7(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 dated February 23, 2010).†
10.8	Form of Avis Budget Group, Inc. Severance Agreement (Incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 dated February 23, 2010).†
10.9(a)	1987 Stock Option Plan, as amended (Incorporated by reference to Exhibit 10.16 to the Company's Form 10-Q for the quarterly period ended October 31, 1996 dated December 13, 1996, File No. 1-10308).†
10.9(b)	Amendment to 1987 Stock Option Plan dated January 3, 2001 (Incorporated by reference to Exhibit 10.7(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).†
10.10(a)	1997 Stock Option Plan (Incorporated by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended April 30, 1997 dated June 16, 1997, File No. 1-10308).†
10.10(b)	Amendment to 1997 Stock Option Plan dated January 3, 2001 (Incorporated by reference to Exhibit 10.11(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).†
10.10(c)	Amendment to 1997 Stock Option Plan dated March 19, 2002 (Incorporated by reference to Exhibit 10.11(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 dated March 5, 2003).†
10.10(d)	Amendment to 1997 Stock Option Plan dated December 2011.†
10.11(a)	Avis Budget Group, Inc. 2007 Equity and Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 dated August 8, 2007).†
10.11(b)	Amendment to the Avis Budget Group, Inc. 2007 Equity And Incentive Plan dated March 20, 2008 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 dated May 7, 2008).†
10.11(c)	Amendment No. 2 to the Avis Budget Group, Inc. 2007 Equity and Incentive Plan (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K dated June 18, 2009).†
10.11(d)	Amendment No. 3 to the Avis Budget Group, Inc. 2007 Equity and Incentive Plan (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).†

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.11(e)	Amendment No. 4 to the Avis Budget Group, Inc. 2007 Equity and Incentive Plan dated January 27, 2010 (Incorporated by reference to Exhibit 10.11(e) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 dated February 23, 2010).†
10.12(a)	1997 Stock Incentive Plan (Incorporated by reference to Appendix E to the Joint Proxy Statement/ Prospectus included as part of the Company's Registration Statement on Form S-4, Registration No. 333-34517, dated August 28, 1997).†
10.12(b)	Amendment to 1997 Stock Incentive Plan dated March 27, 2000 (Incorporated by reference to Exhibit 10.12(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).†
10.12(c)	Amendment to 1997 Stock Incentive Plan dated March 28, 2000 (Incorporated by reference to Exhibit 10.12(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).†
10.12(d)	Amendment to 1997 Stock Incentive Plan dated January 3, 2001 (Incorporated by reference to Exhibit 10.12(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 dated March 29, 2001).†
10.13	Amendment to Certain Stock Plans (Incorporated by reference to Exhibit 10.16(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 dated March 5, 2003).†
10.14	1999 Broad-Based Employee Stock Option Plan, including the Third Amendment dated March 19, 2002, Second Amendment dated April 2, 2001 and First Amendment dated March 29, 1999 (Incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 dated March 5, 2003).†
10.15	Amendment to Various Equity-Based Plans (Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 dated March 1, 2006).†
10.16(a)	Avis Budget Group, Inc. Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated June 18, 2009).†
10.16(b)	Amendment No. 1 to the Avis Budget Group, Inc. Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.17(b) to Avis Budget Car Rental, LLC and Avis Budget Finance, Inc.'s Registration Statement on Form S-4, Registration No. 333-17490, dated October 25, 2011).†
10.17(a)	Form of Award Agreement—Restricted Stock Units.†
10.17(b)	Form of Award Agreement—Stock Appreciation Rights (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated August 4, 2006).†
10.17(c)	Form of Award Agreement—Stock Options (Incorporated by reference to Exhibit 10.15(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).†
10.17(d)	Form of Award Agreement—Stock Options (Incorporated by reference to Exhibit 10.15(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).†
10.17(e)	Form of Other Stock or Cash-Based Award Agreement (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).†
10.18(a)	Avis Budget Group, Inc. Non-Employee Directors Deferred Compensation Plan, Amended and Restated as of January 1, 2007 (Incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).†

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.18(b)	First Amendment to the Avis Budget Group, Inc. Non-Employee Directors Deferred Compensation Plan dated January 28, 2010 (Incorporated by reference to Exhibit 10.19(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 dated February 23, 2010).†
10.18(c)	Second Amendment to the Avis Budget Group, Inc. Non-Employee Directors Deferred Compensation Plan dated December 20, 2011.
10.19	Avis Budget Group, Inc. Deferred Compensation Plan, amended and restated as of November 1, 2008 (Incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).†
10.20	Avis Budget Group, Inc. Savings Restoration Plan, amended and restated as of November 1, 2008 (Incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).†
10.21	Amended and Restated Equalization Benefit Plan (Incorporated by reference to Exhibit 10.59 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007, dated February 29, 2008).†
10.22	Avis Rent A Car System, LLC Pension Plan (Incorporated by reference to Exhibit 10.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).†
10.23(a)	Asset and Stock Purchase Agreement by and among Budget Group, Inc. and certain of its Subsidiaries, Cendant Corporation* and Cherokee Acquisition Corporation dated as of August 22, 2002 (Incorporated by reference to Exhibit 10.71 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2001 dated November 4, 2002).
10.23(b)	First Amendment to Asset and Stock Purchase Agreement by and among Budget Group, Inc. and certain of its Subsidiaries, Cendant Corporation* and Cherokee Acquisition Corporation dated as of September 10, 2002 (Incorporated by reference to Exhibit 10.72 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2001 dated November 4, 2002).
10.24	Separation Agreement, dated as of January 31, 2005, by and between Cendant Corporation* and PHH Corporation (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 4, 2005).
10.25	Tax Sharing Agreement, dated as of January 31, 2005, by and among Cendant Corporation*, PHH Corporation and certain affiliates of PHH Corporation named therein (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated February 4, 2005).††
10.26	Cendant Corporation* Officer Personal Financial Services Policy (Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K dated January 26, 2005).
10.27	Purchase Agreement, dated as of June 30, 2006, by and among the Company, Travelport Inc. and TDS Investor LLC (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 30, 2006).
10.28	Transition Services Agreement among Cendant Corporation*, Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc., dated as of July 27, 2006 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 1, 2006).
10.29(a)	Tax Sharing Agreement among Cendant Corporation*, Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc., dated as of July 28, 2006 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 1, 2006).
10.29(b)	Amendment to the Tax Sharing Agreement, dated July 28, 2006, among Avis Budget Group, Inc., Realogy Corporation, Wyndham Worldwide Corporation and Travelport Inc. (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008 dated August 7, 2008).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.30(a)	Purchase Agreement by and among Cendant Corporation*, Affinity Acquisition, Inc. and Affinity Acquisition Holdings, Inc. dated as of July 26, 2005 (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2005 dated November 2, 2005).
10.30(b)	Amendment No. 1 dated as of October 17, 2005 to the Purchase Agreement dated as of July 26, 2005 by and among Cendant Corporation*, Affinity Acquisition, Inc. (now known as Affinion Group, Inc.) and Affinity Acquisition Holdings, Inc. (now known as Affinion Group Holdings, Inc.) (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2005 dated November 2, 2005).
10.31	Agreement dated August 27, 2010 between Avis Budget Car Rental, LLC and General Motors (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 30, 2010).††
10.32	Agreement dated June 17, 2011 between Avis Budget Car Rental, LLC and General Motors (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011).††
10.33	Supply and Feature Agreement dated October 30, 2007, by and among Ford Motor Company, Avis Budget Car Rental, LLC and AESOP Leasing L.P. (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009).††
10.34	Avis Budget Car Rental 2010 Model Year Program Letter dated August 28, 2009 between Avis Budget Car Rental, LLC and Ford Motor Company (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated September 2, 2009).††
10.35	Avis Budget Car Rental 2011 Model Year Program Letter dated August 12, 2010 between Avis Budget Car Rental, LLC and Ford Motor Company (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 13, 2010).††
10.36	Avis Budget Car Rental 2012 Model Year Program Letter dated August 26, 2011 between Avis Budget Car Rental, LLC and Ford Motor Company (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated August 30, 2011).††
10.37(a)	Second Amended and Restated Base Indenture, dated as of June 3, 2004, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, dated August 2, 2004).
10.37(b)	Supplemental Indenture No. 1, dated as of December 23, 2005, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 20, 2006).
10.37(c)	Supplemental Indenture No. 2, dated as of May 9, 2007, among Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, and The Bank of New York Trust Company, N.A. (as successor in interest to The Bank of New York), as Trustee, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.6 the Company Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.38(a)	Second Amended and Restated Loan Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Borrower, Quartx Fleet Management, Inc., as a Permitted Nominee, PV Holding Corp., as a Permitted Nominee, and Cendant Rental Car Funding (AESOP) LLC***, as Lender (Incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, dated August 2, 2004).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.38(b)	First Amendment, dated as of December 23, 2005, among AESOP Leasing L.P., as Borrower, Quartx Fleet Management, Inc., as a Permitted Nominee, PV Holding Corp., as Permitted Nominee, and Cendant Rental Car Funding (AESOP) LLC***, as Lender, to the Second Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated January 20, 2006).
10.38(c)	Second Amendment, dated as of May 9, 2007, among AESOP Leasing L.P., as Borrower, PV Holding Corp., as Permitted Nominee, Quartx Fleet Management, Inc., as Permitted Nominee, and Avis Budget Rental Car Funding (AESOP) LLC, as Lender, to the Second Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.8 the Company Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.39(a)	Amended and Restated Loan Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Borrower, and Cendant Rental Car Funding (AESOP) LLC***, as Lender (Incorporated by reference to Exhibit 10.29(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, dated March 1, 2007).
10.39(b)	First Amendment, dated as of December 23, 2005, among AESOP Leasing L.P., as Borrower, and Cendant Rental Car Funding (AESOP) LLC***, as Lender, to the Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.29(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, dated March 1, 2007).
10.39(c)	Second Amendment, dated as of the May 9, 2007, among AESOP Leasing L.P., as Borrower, and Avis Budget Rental Car Funding (AESOP) LLC, as Lender, to the Amended and Restated Loan Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.7 the Company Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.40(a)	Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Lessor, and Cendant Car Rental Group, Inc.***, as Lessee and as Administrator (Incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2004, dated August 2, 2004).
10.40(b)	First Amendment, dated December 23, 2005, among AESOP Leasing L.P., as Lessor, and Cendant Car Rental Group, Inc.***, as Lessee and as Administrator, to the Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of December 23, 2005 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated January 20, 2006).
10.40(c)	Third Amendment, dated as of May 9, 2007, among AESOP Leasing L.P., as Lessor and Avis Budget Car Rental, LLC, as Lessee and as the Administrator, to the Second Amended and Restated Master Motor Vehicle Operating Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.9 the Company Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.41(a)	Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004, among AESOP Leasing L.P., as Lessor, Cendant Car Rental Group, Inc.***, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, Inc.****, as Lessee, and Budget Rent A Car System, Inc., as Lessee (Incorporated by reference to Exhibit 10.30(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, dated March 1, 2007).
10.41(b)	First Amendment, dated as of December 23, 2005, among AESOP Leasing L.P., as Lessor, Cendant Car Rental Group, Inc.***, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, Inc.****, as Lessee, and Budget Rent A Car System, Inc., as Lessee, to the Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.30(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, dated March 1, 2007).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.41(c)	Third Amendment, dated as of May 9, 2007, among AESOP Leasing L.P., as Lessor, Avis Budget Car Rental, LLC, as Lessee, as Administrator and as Finance Lease Guarantor, Avis Rent A Car System, LLC, as Lessee, and Budget Rent A Car System, Inc., as Lessee, to the Amended and Restated Master Motor Vehicle Finance Lease Agreement, dated as of June 3, 2004 (Incorporated by reference to Exhibit 10.11 the Company Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).
10.42	Second Amended and Restated Administration Agreement, dated as of June 3, 2004, among Cendant Rental Car Funding (AESOP) LLC***, AESOP Leasing L.P., AESOP Leasing Corp. II, Avis Rent A Car System, Inc.****, Budget Rent A Car System, Inc., Cendant Car Rental Group, Inc.** and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, dated March 1, 2006).
10.43	Assignment and Assumption Agreement dated as of June 3, 2004, among Avis Rent A Car System, Inc.****, Avis Group Holdings, Inc.***** and Cendant Car Rental Group, Inc.** (Incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, dated March 1, 2006).
10.44(a)	Amended and Restated Series 2005-2 Supplement, dated May 20, 2008, between Avis Budget Rental Car Funding (AESOP) LLC (formerly known as Cendant Rental Car Funding (AESOP) LLC), as issuer and The Bank of New York Trust Company, N.A. (as successor in interest to The Bank of New York), as trustee and as Series 2005-2 Agent, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, between Avis Budget Rental Car Funding (AESOP) LLC, as issuer and The Bank of New York Trust Company, N.A. (as successor in interest to The Bank of New York), as trustee (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 22, 2008).
10.44(b)	First Amendment, dated as of November 11, 2008, between Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A. (as successor in interest to The Bank of New York), as Trustee and as Series 2005-2 Agent, to the Amended and Restated Series 2005-2 Supplement, dated as of May 20, 2008 (Incorporated by reference to Exhibit 10.33(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.45(a)	Series 2005-4 Supplement, dated as of June 1, 2005, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and as Series 2005-4 Agent, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, among Cendant Rental Car Funding (AESOP) LLC*** and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 7, 2005).
10.45(b)	First Amendment, dated as of December 23, 2005, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer, and The Bank of New York, as Trustee and Series 2005-4 Agent, to the Series 2005-4 Supplement dated as of June 1, 2005 (Incorporated by reference to Exhibit 10.30(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, dated March 1, 2006).
10.45(c)	Second Amendment, dated as of May 9, 2007, among Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, and The Bank of New York Trust Company, N.A. (as successor in interest to The Bank of New York), as Trustee and as Series 2005-4 Agent, to the Series 2005-4 Supplement, dated as of June 1, 2005 (Incorporated by reference to Exhibit 10.25 the Company Form 10-Q for the quarterly period ended June 30, 2007, dated August 8, 2007).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.45(d)	Third Amendment, dated as of November 11, 2008, between Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A. (as successor in interest to The Bank of New York), as Trustee and as Series 2005-4 Agent, to the Series 2005-4 Supplement, dated as of June 1, 2005 (Incorporated by reference to Exhibit 10.34(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.46(a)	Series 2007-2 Supplement, dated as of June 6, 2007, among Avis Budget Rental Car Funding (AESOP) LLC, as Issuer and The Bank of New York Trust Company, N.A., as Trustee and Series 2007-2 Agent, to the Second Amended and Restated Base Indenture, dated as of June 3, 2004, among Cendant Rental Car Funding (AESOP) LLC***, as Issuer and The Bank of New York, as Trustee, as amended (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 8, 2007).
10.46(b)	First Amendment, dated as of November 11, 2008, between Avis Budget Rental Car Funding (AESOP) LLC, as Issuer and The Bank of New York Mellon Trust Company, N.A. (as successor in interest to The Bank of New York), as Trustee and Series 2007-2 Agent, to the Series 2007-2 Supplement, dated as of June 6, 2007 (Incorporated by reference to Exhibit 10.36(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2008).
10.47	Series 2009-1 Supplement, dated as of July 23, 2009, among Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2009-1 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 24, 2009).
10.48	Series 2009-2 Supplement, dated as of October 1, 2009, among Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2009-2 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 1, 2009).
10.49	Series 2010-2 Supplement, dated as of March 23, 2010, among Avis Budget Car Rental Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2010-2 Agent (Incorporated by reference to Exhibit 10.1 to Avis Budget Group's Current Report on Form 8-K dated March 11, 2010).
10.50	Series 2010-3 Supplement, dated as of March 23, 2010, among Avis Budget Car Rental Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2010-3 Agent (Incorporated by reference to Exhibit 10.2 to Avis Budget Group's Current Report on Form 8-K dated March 11, 2010).
10.51	Series 2010-4 Supplement, dated as of October 28, 2010, among Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2010-4 Agent (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, dated October 28, 2010).
10.52	Series 2010-5 Supplement, dated as of October 28, 2010, among Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2010-5 Agent (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, dated October 28, 2010).
10.53	Amended and Restated Series 2010-6 Supplement, dated as of October 14, 2011, by and among Avis Budget Rental Car Funding (AESOP) LLC, as Issuer, Avis Budget Car Rental, LLC, as Administrator, JPMorgan Chase Bank, N.A., as Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the APA Banks and the Funding Agents named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee and as Series 2010-6 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 20, 2011).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.54	Series 2011-1 Supplement, dated as of May 3, 2011, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2011-1 Agent (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated May 6, 2011).
10.55	Series 2011-2 Supplement, dated as of May 3, 2011, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2011-2 Agent (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated May 6, 2011).
10.56	Series 2011-3 Supplement, dated as of May 3, 2011, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and Series 2011-3 Agent (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated May 6, 2011).
10.57	Series 2011-5 Supplement, dated as of August 26, 2011, between Avis Budget Rental Car Funding (AESOP) LLC and The Bank of New York Mellon Trust Company, N.A., as trustee and as Series 2011-5 Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 30, 2011).
10.58(a)	Amended and Restated Credit Agreement, dated as of May 3, 2011, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto, Deutsche Bank Securities Inc. as syndication agent, Citicorp USA, Inc., Bank of America, N.A., Barclays Bank PLC and Credit Agricole Corporate and Investment Bank and The Royal Bank of Scotland PLC, as co-documentation agents, and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 6, 2011).
10.58(b)	First Amendment, dated as of August 1, 2011, to the Amended and Restated Credit Agreement dated as of May 3, 2011, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, the subsidiary borrowers from time to time parties thereto, the several lenders from time to time parties thereto, Bank of America, N.A., Credit Agricole Corporate & Investment Bank New York Branch (formerly known as Calyon) and Citicorp USA, Inc. as documentation agents, Wachovia Bank, National Association as co-documentation agent, Deutsche Bank Securities Inc. as syndication agent, JPMorgan Chase Bank, N.A., as administrative agent and Morgan Stanley Senior Funding, Inc. and Citigroup Global Markets, Inc., as joint lead arrangers (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated September 12, 2011).
10.58(c)	Incremental Facilities Agreement, dated as of September 8, 2011, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, JPMorgan Chase Bank, N.A., as administrative agent, Morgan Stanley Senior Funding, Inc. and Citibank, N.A. as co-syndication agents, Credit Agricole Corporate & Investment Bank New York Branch, The Bank of Nova Scotia and The Royal Bank of Scotland PLC, as co-documentation agents, the incremental lenders from time to time parties thereto and the other parties thereto as described therein (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated September 12, 2011).
10.58(d)	Incremental Tranche B Term Facility Agreement, dated as of September 22, 2011, among Avis Budget Holdings, LLC, Avis Budget Car Rental, LLC, JPMorgan Chase Bank, N.A., as administrative agent, the lenders from time to time parties thereto, Morgan Stanley Senior Funding, Inc. as closing agent and co-syndication agent, Citibank, N.A. as co-syndication agent, Credit Agricole Corporate & Investment Bank New York Branch, The Bank of Nova Scotia and The Royal Bank of Scotland plc, as co-documentation agents, and Morgan Stanley Senior Funding, Inc., Citigroup Global Markets Inc., Credit Agricole Securities (USA) Inc., The Bank of Nova Scotia and RBS Securities Inc. as joint lead arrangers and bookrunners (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated September 27, 2011).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.59	Amended and Restated Guarantee & Collateral Agreement, dated as of May 3, 2011, among made by each of the signatories thereto in favor of JPMorgan Chase Bank, N.A., as administrative agent (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated May 6, 2011).
10.60	Purchase Agreement dated as of October 7, 2009, by and among Avis Budget Group, Inc. and J.P. Morgan Securities Inc., Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc. and Deutsche Bank Securities Inc. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 13, 2009).
10.61(a)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and JPMorgan Chase Bank, National Association (Incorporated by reference to Exhibit 10.2(a) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.61(b)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and Barclays Capital Inc. (Incorporated by reference to Exhibit 10.2(b) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.61(c)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and Deutsche Bank AG, London Branch (Incorporated by reference to Exhibit 10.2(c) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.61(d)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and Wachovia Bank, National Association (Incorporated by reference to Exhibit 10.2(d) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.61(e)	Convertible Bond Hedging Transaction Confirmation dated October 7, 2009, by and between Avis Budget Group, Inc. and Bank of America, N.A. (Incorporated by reference to Exhibit 10.2(e) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.62(a)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and JPMorgan Chase Bank, National Association (Incorporated by reference to Exhibit 10.3(a) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.62(b)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and Barclays Capital Inc. (Incorporated by reference to Exhibit 10.3(b) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.62(c)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and Deutsche Bank AG, London Branch (Incorporated by reference to Exhibit 10.3(c) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.62(d)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and Wachovia Bank, National Association (Incorporated by reference to Exhibit 10.3(d) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.62(e)	Confirmation of Additional Warrants dated October 7, 2009, by and between Avis Budget Group, Inc. and Bank of America, N.A. (Incorporated by reference to Exhibit 10.3(e) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.63(a)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and JPMorgan Chase Bank, National Association (Incorporated by reference to Exhibit 10.4(a) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.63(b)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and Barclays Capital Inc. (Incorporated by reference to Exhibit 10.4(b) to the Company's Current Report on Form 8-K dated October 13, 2009).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.63(c)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and Deutsche Bank AG, London Branch (Incorporated by reference to Exhibit 10.4(c) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.63(d)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and Wachovia Bank, National Association (Incorporated by reference to Exhibit 10.4(d) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.63(e)	Convertible Bond Hedging Transaction Confirmation dated October 9, 2009, by and between Avis Budget Group, Inc. and Bank of America, N.A. (Incorporated by reference to Exhibit 10.4(e) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.64(a)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and JPMorgan Chase Bank, National Association (Incorporated by reference to Exhibit 10.5(a) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.64(b)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and Barclays Capital Inc. (Incorporated by reference to Exhibit 10.5(b) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.64(c)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and Deutsche Bank AG, London Branch (Incorporated by reference to Exhibit 10.5(c) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.64(d)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and Wachovia Bank, National Association (Incorporated by reference to Exhibit 10.5(d) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.64(e)	Confirmation of Additional Warrants dated October 9, 2009, by and between Avis Budget Group, Inc. and Bank of America, N.A. (Incorporated by reference to Exhibit 10.5(e) to the Company's Current Report on Form 8-K dated October 13, 2009).
10.65	Purchase Agreement, dated as of March 5, 2010, by and among Avis Budget Car Rental, LLC, Avis Budget Finance, Inc., Avis Budget Group, Inc., Avis Budget Holdings, LLC, AB Car Rental Service, Inc., ARACS LLC, Avis Asia and Pacific, Limited, Avis Car Rental Group, LLC, Avis Caribbean, Limited, Avis Enterprises, Inc., Avis Group Holdings, LLC, Avis International, Ltd., Avis Operations, LLC, Avis Rent A Car System, LLC, PF Claims Management, Ltd., PR Holdco, Inc., Wizard Co., Inc., BGI Leasing, Inc., Budget Rent A Car System, Inc., Budget Truck Rental LLC, Runabout, LLC, Wizard Services, Inc. and Banc of America Securities LLC for itself and on behalf of the several initial purchasers (Incorporated by reference to Exhibit 1.1 to Avis Budget Group's Current Report on Form 8-K dated March 8, 2010).
10.66	Registration Rights Agreement, dated March 10, 2010, among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., the guarantors parties thereto, Banc of America Securities LLC, and the other initial purchasers parties thereto (Incorporated by reference to Exhibit 10.2 to Avis Budget Group's Current Report on Form 8-K dated March 11, 2010).
10.67	Purchase Agreement, dated as of October 7, 2010, by and among Avis Budget Car Rental, LLC, Avis Budget Finance, Inc., Avis Budget Group, Inc., Avis Budget Holdings, LLC, AB Car Rental Service, Inc., ARACS LLC, Avis Asia and Pacific, Limited, Avis Car Rental Group, LLC, Avis Caribbean, Limited, Avis Enterprises, Inc., Avis Group Holdings, LLC, Avis International, Ltd., Avis Operations, LLC, Avis Rent A Car System, LLC, PF Claims Management, Ltd., PR Holdco, Inc., Wizard Co., Inc., BGI Leasing, Inc., Budget Rent A Car System, Inc., Budget Truck Rental LLC, Runabout, LLC, Wizard Services, Inc. and Citigroup Global Markets Inc. for itself and on behalf of the several initial purchasers (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 12, 2010).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.68	Registration Rights Agreement, dated October 15, 2010, among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., the guarantors parties thereto, Citigroup Global Markets Inc., and the other initial purchasers parties thereto (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 18, 2010).
10.69	Amendment, dated as of November 18, 2010, to the Registration Rights Agreement, dated as of October 15, 2010, among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., the guarantors party thereto, Citigroup Global Markets Inc., and the other initial purchasers party thereto (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated November 18, 2010).
10.70	Purchase Agreement, dated as of November 15, 2010, by and among Avis Budget Car Rental, LLC, Avis Budget Finance, Inc., Avis Budget Group, Inc., Avis Budget Holdings, LLC, AB Car Rental Service, Inc., ARACS LLC, Avis Asia and Pacific, Limited, Avis Car Rental Group, LLC, Avis Caribbean, Limited, Avis Enterprises, Inc., Avis Group Holdings, LLC, Avis International, Ltd., Avis Operations, LLC, Avis Rent A Car System, LLC, PF Claims Management, Ltd., PR Holdco, Inc., Wizard Co., Inc., BGI Leasing, Inc., Budget Rent A Car System, Inc., Budget Truck Rental LLC, Runabout, LLC, Wizard Services, Inc. and Citigroup Global Markets Inc. for itself and on behalf of the several initial purchasers (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated November 18, 2010).
10.71	Purchase Agreement, by and among AE Escrow Corporation, Avis Budget Group, Inc. and Morgan Stanley & Co. LLC for itself and on behalf of the several initial purchasers, dated September 21, 2011 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated September 27, 2011).
10.72	Registration Rights Agreement, dated October 3, 2011, among Avis Budget Car Rental, LLC and Avis Budget Finance, Inc., the guarantors parties thereto, Morgan Stanley & Co. LLC, and the other initial purchasers parties thereto (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 5, 2011).
10.73	Trust Indenture, dated as of August 26, 2010, among WTH Car Rental ULC and BNY Trust Company of Canada, as Indenture Trustee (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 27, 2010).
10.74	Series 2010-1 Indenture Supplement, dated as of August 26, 2010, among WTH Car Rental ULC, WTH Funding Limited Partnership, as Administrator, and BNY Trust Company of Canada, as Indenture Trustee (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated August 27, 2010).
10.75	Series 2010-2 Indenture Supplement, dated as of August 26, 2010, among WTH Car Rental ULC, WTH Funding Limited Partnership, as Administrator, and BNY Trust Company of Canada, as Indenture Trustee (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated August 27, 2010).
10.76	Series 2011-1 Indenture Supplement, dated as of March 17, 2011, to the Trust Indenture dated as of August 26, 2010, among WTH Car Rental ULC, WTH Funding Limited Partnership, as Administrator, and BNY Trust Company of Canada, as Indenture Trustee (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011).
10.77	Administration Agreement, dated as of August 26, 2010, among WTH Car Rental ULC, WTH Funding Limited Partnership, as Administrator, and BNY Trust Company of Canada, as Indenture Trustee (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K dated August 27, 2010).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.78	Master Motor Vehicle Lease Agreement, dated as of August 26, 2010, among WTH Car Rental ULC, WTH Funding Limited Partnership, and BNY Trust Company of Canada, as Indenture Trustee (Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K dated August 27, 2010).
10.79	Global Amendment dated as of February 17, 2011, to the Trust Indenture dated as of August 26, 2010 and certain related agreements, by and among Aviscar Inc., Budgetcar Inc., 2233516 Ontario Inc., WTH Car Rental ULC, WTH Funding Limited Partnership, BNY Trust Company Of Canada, Bay Street Funding Trust, Canadian Master Trust, Deutsche Bank Ag, Canada Branch, Lord Securities Corporation, and Fiserv Automotive Solutions, Inc. (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011).
10.80	Second Global Amendment, dated as of August 22, 2011, among Aviscar Inc., Budgetcar Inc., WTH Funding Limited Partnership, WTH Car Rental ULC, BNY Trust Company Of Canada, Montreal Trust Company Of Canada, and BNY Trust Company Of Canada (Incorporated by reference to Exhibit 10.89 to Avis Budget Car Rental, LLC and Avis Budget Finance, Inc.'s Registration Statement on Form S-4, Registration No. 333-17490, dated October 25, 2011).
10.81	Amended and Restated Base Indenture, dated as of March 9, 2010, between Centre Point Funding, LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.83 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.82	Second Amended and Restated Series 2006-1 Supplement, dated as of December 3, 2010, among Centre Point Funding, LLC, as Issuer, Budget Truck Rental LLC, as Administrator, Deutsche Bank Securities, Inc., as Administrative Agent, certain commercial paper conduit purchasers, certain funding agents, certain APA banks and The Bank of New York Mellon Trust Company, N.A., as Trustee, Series 2006-1 Agent and Securities Intermediary, to the Amended and Restated Base Indenture, dated as of March 9, 2010, between Centre Point Funding, LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.84 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.83	Amended and Restated Administration Agreement (Group I), dated as of March 9, 2010, among Centre Point Funding, LLC, Budget Truck Rental LLC, as Administrator, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.85 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.84(a)	Amended and Restated Master Motor Vehicle Operating Lease Agreement (Group I), dated March 9, 2010, among, Centre Point Funding, LLC, as Lessor, Budget Truck Rental LLC, as Administrator and as Lessee, and Avis Budget Car Rental, LLC, as Guarantor (Incorporated by reference to Exhibit 10.86(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.84(b)	Amendment No. 1, dated December 3, 2010, to the Amended and Restated Master Motor Vehicle Operating Lease Agreement (Group I), dated March 9, 2010, among Centre Point Funding, LLC, as Lessor, Budget Truck Rental LLC, as Administrator and as Lessee, and Avis Budget Car Rental, LLC, as Guarantor (Incorporated by reference to Exhibit 10.86(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.85	Series 2010-1 Supplement, dated as of March 9, 2010, between Centre Point Funding, LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee, Series 2010-1 Agent and Securities Intermediary, to the Amended and Restated Base Indenture, dated as of March 9, 2010, between Centre Point Funding, LLC, as Issuer, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.87 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010).

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<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.86	Administration Agreement (Group II), dated as of March 9, 2010, among Centre Point Funding, LLC, Budget Truck Rental LLC, as Administrator, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated by reference to Exhibit 10.88 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.87	Master Motor Vehicle Operating Lease Agreement (Group II), dated March 9, 2010, among, Centre Point Funding, LLC, as Lessor, Budget Truck Rental LLC, as Administrator and as Lessee, and Avis Budget Car Rental, LLC, as Guarantor (Incorporated by reference to Exhibit 10.87 to the Company's Annual Report on Form 10-K for the year ended December 31, 2010).
10.88	Umbrella Amending and Rescission Deed, dated September 22, 2011, among AB Funding Pty Ltd., WTH Pty Ltd., Budget Rent A Car Australia Pty Ltd., BNY Trust (Australia) Registry Limited, as Security Trustee, Westpac Banking Corporation, Commonwealth Bank of Australia and Bank of America, N.A. (Australia Branch) (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K dated September 27, 2011).
10.89(a)	Avis Europe Interim Fleet Financing Facility Agreement dated as of October 20, 2011 among Avis Budget Car Rental, LLC, Avis Budget EMEA Limited, Avis Finance Company plc, certain borrowers and guarantors party thereto, Credit Agricole Corporate and Investment Bank as mandated lead arranger, facility agent and security agent, and the other lenders party thereto (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 26, 2011).
10.89(b)	First Amendment and Restatement Agreement, dated December 5, 2011, among Avis Finance Company Limited, Credit Agricole Corporate and Investment Bank and the lenders party thereto, relating to the Avis Europe Interim Fleet Financing Facility Agreement dated as of October 20, 2011 among Avis Budget Car Rental, LLC, Avis Budget EMEA Limited, Avis Finance Company plc, certain borrowers and guarantors party thereto, Credit Agricole Corporate and Investment Bank as mandated lead arranger, facility agent and security agent, and the other lenders party thereto.
12	Statement Re: Computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of Registrant
23	Consent of Deloitte & Touche LLP.
31.1	Certification of Chief Executive Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document ^
101.SCH	XBRL Taxonomy Extension Schema. ^
101.CAL	XBRL Taxonomy Extension Calculation Linkbase. ^
101.DEF	XBRL Taxonomy Extension Definition Linkbase. ^
101.LAB	XBRL Taxonomy Extension Label Linkbase. ^
101.PRE	XBRL Taxonomy Extension Presentation Linkbase. ^

* Cendant Corporation is now known as Avis Budget Group, Inc.

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- ** Cendant Car Rental Group, LLC (formerly known as Cendant Car Rental Group, Inc.) is now known as Avis Budget Car Rental, LLC.
- *** Cendant Rental Car Funding (AESOP) LLC, formerly known as AESOP Funding II L.L.C, is now known as Avis Budget Rental Car Funding (AESOP) LLC.
- **** Avis Rent A Car System, Inc. is now known as Avis Rent A Car System, LLC.
- ***** Avis Group Holdings, Inc. is now known as Avis Group Holdings, LLC.
- † Denotes management contract or compensatory plan.
- †† Confidential treatment has been requested for certain portions of this Exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, which portions have been omitted and filed separately with the Securities and Exchange Commission.
- D Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

AMENDMENT TO CERTAIN STOCK PLANS

Pursuant to action taken by the Compensation Committee of the Board of Directors of Avis Budget Group, Inc. in December 2011, the following amendment was approved in respect of the following plan:

1997 Stock Option Plan

Notwithstanding any other provision of this plan to the contrary, the Compensation Committee of the Board of Director's of Avis Budget Group, Inc. (the "Avis Budget Committee") may, in its sole discretion, permit any award granted under this plan to be transferred to a "family member" (within the meaning of Section A.1(a)(5) of the general instructions of Form S-8) for estate planning purposes and for no value, provided that such transfer shall only be valid upon execution of a written instrument in form and substance acceptable to the Avis Budget Committee in its sole discretion evidencing such transfer and the transferee's acceptance thereof signed by the grantee and the transferee, and provided, further, that such award may not be subsequently transferred other than by will or by the laws of descent and distribution or to another "family member" (as permitted by the Avis Budget Committee in its sole discretion) in accordance with the terms of this plan and the applicable award agreement.

Avis Budget Group, Inc.

AWARD AGREEMENT – RESTRICTED STOCK UNITS

Award Agreement (this “Agreement”), dated as of _____, by and between Avis Budget Group, Inc., a Delaware corporation (the “Company”), and the grantee indicated on Schedule A attached hereto (the “Grantee”), pursuant to the terms and conditions of the Avis Budget Group, Inc. 2007 Equity and Incentive Plan (the “Plan”).

In consideration of the provisions contained in this Agreement, the Company and the Grantee agree as follows:

1. **The Plan.** The Award granted to the Grantee hereunder is pursuant to the Plan. A copy of the Plan and the prospectus therefor have been provided to the Grantee and the terms of the Plan are hereby incorporated in this Agreement. Terms used in this Agreement which are not defined in this Agreement shall have the meanings used or defined in the Plan.

2. **Award.** Concurrently with the execution of this Agreement, subject to the terms and conditions set forth in the Plan and this Agreement, the Company hereby grants the Award indicated on Schedule A attached hereto (the “Award”) to the Grantee.

3. **Schedule of Lapse of Restrictions.** The Restricted Stock Units granted hereunder shall vest and be paid in the manner set forth on Schedule A attached hereto.

4. **Termination of Service.** Notwithstanding any other provision of the Plan to the contrary, except as otherwise provided in Section 3 of this Agreement, upon the termination of the Grantee’s service with the Company and its subsidiaries for any reason whatsoever, the Award shall immediately and automatically terminate; provided, however, that the Committee may, in its sole and absolute discretion, accelerate the vesting of the Award, upon termination of service or otherwise, for any reason or no reason, but shall have no obligation to do so.

5. **No Assignment.** Except as otherwise provided in the Plan, this Agreement (and the Award) may not be assigned by the Grantee by operation of law or otherwise.

6. **No Rights to Continued Service; Loss of Office.** Neither this Agreement nor the Award shall be construed as giving the Grantee any right to continue in the service of the Company or any of its subsidiaries, or shall interfere in any way with the right of the Company to terminate such service. Notwithstanding any other provision of the Plan, the Award, this Agreement or any other agreement (written or oral) to the contrary, for purposes of the Plan and the Award, a termination of service shall be deemed to have occurred on the date upon which the Grantee ceases to perform active duties for the Company following the provision of any notification of termination or resignation from service, and without regard to any period of notice of termination of service (whether expressed or implied) or any period of severance or salary continuation. Notwithstanding any other provision of the Plan, the Award, this Agreement or any other agreement (written or oral) to the contrary, the Grantee shall not be entitled (and by accepting an Award, thereby irrevocably waives any such entitlement), by way of compensation

for loss of office or otherwise, to any sum or other benefit to compensate the Grantee for the loss of any rights under the Plan as a result of the termination or expiration of an Award in connection with any termination of service. No amounts earned pursuant to the Plan or any Award shall be deemed to be eligible compensation in respect of any other plan of the Company or any of its subsidiaries.

7. **Governing Law.** This Agreement and the legal relations between the parties shall be governed by and construed in accordance with the internal laws of the State of Delaware, without effect to the conflicts of laws principles thereof.

8. **Tax Obligations.** As a condition to the granting of the Award and the vesting thereof, the Grantee agrees to remit to the Company or any of its applicable subsidiaries such sum as may be necessary to discharge the Company's or such subsidiary's obligations with respect to any tax, assessment or other governmental charge imposed on property or income received by the Grantee pursuant to this Agreement and the Award. Accordingly, the Grantee agrees to remit to the Company or an applicable subsidiary any and all required minimum withholding taxes. Such payment shall be made to the Company or any applicable subsidiary of the Company in a form that is reasonably acceptable to the Company, as the Company may determine in its sole discretion. If the Grantee does not agree to remit the amount of withholding taxes or other taxes, or otherwise directs the Company to withhold such amount, the Company shall satisfy the minimum amount of withholding taxes or other taxes with shares of Stock that would otherwise be received upon settlement of the Award.

9. **Notices.** Any notice required or permitted under this Agreement shall be deemed given when delivered personally, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee at the last address specified in Grantee's employment records, or such other address as the Grantee may designate in writing to the Company, or the Company, Attention: General Counsel, or such other address as the Company may designate in writing to the Grantee.

10. **Failure to Enforce Not a Waiver.** The failure of the Company to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

11. **Amendments.** This Agreement may be amended or modified at any time by an instrument in writing signed by the parties hereto.

12. **Authority.** The Compensation Committee of the Board of Directors of the Company shall have full authority to interpret and construe the terms of the Plan and this Agreement. The determination of the Committee as to any such matter of interpretation or construction shall be final, binding and conclusive on all parties.

13. **Rights as a Stockholder.** The Grantee shall have no rights as a stockholder of the Company with respect to any shares of common stock of the Company underlying or relating to any Award until the issuance of Stock to the Grantee in respect of such Award.

14. **Dividends.** The Committee may determine, in its sole and absolute discretion, that the Grantee may receive dividend equivalents, which shall be deferred until the shares of common stock of the Company underlying or relating to any Award are issued to the Grantee.

IN WITNESS WHEREOF, this Agreement is effective as of the date first above written.

AVIS BUDGET GROUP, INC.

By: _____
Name: _____
Title: _____

SCHEDULE A

Award Details

1. Grantee: _____
2. Date of Grant:
3. Number of Restricted Stock Units: _____
4. Vesting and Other Provisions:

SECOND AMENDMENT
TO
AVIS BUDGET GROUP, INC. NON-EMPLOYEE DIRECTORS DEFERRED
COMPENSATION PLAN

Avis Budget Group, Inc. ("Avis") adopted the Avis Budget Group, Inc. Non-Employee Directors Deferred Compensation Plan (formerly known as Cendant Corporation 1999 Non-Employee Directors Deferred Compensation Plan) (the "Plan") and amended the Plan as of February 1, 2007. Avis now desires to further amend the Plan.

NOW, THEREFORE, the Plan is amended as follows, effective December 20, 2011:

1. Section 4(a) is amended to read as follows:

"Deferral of Compensation. Subject to such rules, regulations and procedures that Avis may establish from time to time, 50% of each Director's annual retainer fees, as well as such other fees and payments determined by the Board of Directors or the Committee to be either mandatory or eligible for deferral from time to time (collectively, "Fees") are automatically deferred into the Plan. Subject to the execution by a Director of a valid deferral election, Directors may elect to defer all, but not less than all, of their Fees into the Plan. Fees deferred into the Plan will be converted into a number of Avis Share Units. The number of Avis Share Units allocated to a Director's account will be equal to the amount of Fees deferred into the Plan as of any given date (an "Allocation Date"), divided by the fair market value of Avis common stock, par value \$0.01 per share ("Avis Stock") as of the Allocation Date, subject to a maximum of 7,500 shares per quarter per Director. Once a Director reaches the 7,500 Avis Share Unit maximum for a quarter, the Director's remaining deferred Fees will be distributed in cash immediately rather than deferred. For purposes of the Plan, fair market value shall equal the closing price per share of Avis Stock as of the applicable Allocation Date, or such other reasonable formula determined by the Committee. An Allocation Date will occur on each date upon which any Director would otherwise become entitled to receive all or any portion of any Fee, or as otherwise determined by the Committee. Each Avis Share Unit will be the equivalent of one share of Avis Stock."

2. The phrase "sixty (60)" in Section 5 is substituted for the phrase "thirty-one (31)".

3. The last sentence of Section 5 is amended as follows:

"No deferral election is required with respect to the 50% of Fees which are automatically required to be deferred into the Plan."

IN WITNESS WHEREOF, Avis Budget Group, Inc. has caused these presents to be executed by its duly authorized representative this 20th day of December, 2011.

Avis Budget Group, Inc.

By: /s/ Jean M. Sera

FIRST AMENDMENT AND RESTATEMENT AGREEMENT

dated 5 December 2011

RELATING TO THE AVIS EUROPE INTERIM FLEET FINANCING FACILITY AGREEMENT DATED

20 OCTOBER 2011

Linklaters

Ref: L-194719

Linklaters LLP

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THIS AGREEMENT is dated 5 December 2011 and made between:

- (1) Avis Finance Company Limited (the “**Co-ordinator**”);
- (2) Crédit Agricole Corporate and Investment Bank (the “**Mandated Lead Arranger**”);
- (3) THE FINANCIAL INSTITUTIONS listed in Schedule 1 as Lenders (the “**Lenders**”); and
- (4) Crédit Agricole Corporate and Investment Bank as agent of the other Finance Parties (the “**Facility Agent and Security Agent**”).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Amended Agreement**” means the Original Facility Agreement, as amended and restated in the form set out in Schedule 3 (*Form of Amended Agreement*).

“**Effective Date**” means the date of the notification by the Agent under Clause 2 (*Conditions precedent*).

“**Original Facility Agreement**” means the €350,000,000 facility agreement dated 20 October 2011 between Crédit Agricole Corporate Investment Bank as Mandated Lead Arranger, the Lenders named in that agreement and Crédit Agricole Corporate Investment Bank as Facility Agent and Security Agent.

“**Party**” means a party to this Agreement.

1.2 Incorporation of defined terms

- (a) Unless a contrary indication appears, terms defined in the Original Facility Agreement have the same meaning in this Agreement.
- (b) The principles of construction set out in the Original Facility Agreement shall have effect as if set out in this Agreement.

1.3 Third Party Rights

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

1.4 Designation

In accordance with the Original Facility Agreement, each of the Co-ordinator and the Facility Agent designate this Agreement as a Senior Finance Document.

1.5 Co-ordinator

In entering into this agreement **the Co-ordinator** is acting on its own behalf and pursuant to Clause 6 (*Co-ordinator*) of the Original Facility Agreement.

2. **CONDITIONS PRECEDENT**

The provisions of Clause 4 (*Amendment*) shall be effective only if the Facility Agent has received all the documents and other evidence listed in Schedule 2 (*Conditions precedent*) in form and substance satisfactory to the Facility Agent. The Facility Agent shall notify the Co-ordinator and the Lenders promptly upon being so satisfied.

3. **REPRESENTATIONS**

Each Obligor makes the representations and warranties in Clause 16 (*Representations*) of the Original Facility Agreement, by reference to the facts and circumstances then existing:

- (a) on the date of this Agreement; and
- (b) on the Effective Date,

but as if references in Clause 16 (*Representations*) of the Original Facility Agreement to “the Finance Documents” included this Agreement and, on the Effective Date, the Amended Agreement.

4. **AMENDMENT**

4.1 **Amendment**

With effect from the Effective Date the Original Facility Agreement shall be amended and restated in the form set out in Schedule 3 (*Form of Amended Agreement*).

4.2 **Continuing obligations**

The provisions of the Original Facility Agreement and the other Finance Documents (including the guarantee and indemnity of each Guarantor) shall, save as amended by this Agreement, continue in full force and effect.

5. **WAIVER IN RESPECT OF CLAUSE 17.1(a)(ii)**

5.1 The Parties agree that the audited statutory accounts of Italian Opco for the financial year of Italian Opco ended 30 June 2011 which the Co-ordinator is obliged to deliver pursuant to paragraph (a)(ii) of Clause 17.1 (*Financial Statements*) shall be delivered before 15 January 2012. The requirement in the same Clause for such financial statements to be delivered within 150 days of the financial year end of Italian Opco shall be waived in this instance.

5.2 The waiver given in Clause 5.1 is effective only in the instances and for the purpose for which it is given. It does not apply to any other financial statements other than the audited statutory accounts of Italian Opco for the financial year of Italian Opco ended 30 June 2011.

6. **TRANSACTION EXPENSES**

The Co-ordinator shall within three Business Days of demand reimburse the Facility Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Facility Agent in connection with the negotiation, preparation, printing and execution of this Agreement and any other documents referred to in this Agreement.

7. **MISCELLANEOUS**

7.1 **Incorporation of terms**

The provisions of Clause 36 (*Notices and Delivery of Information*) and Clause 44 (*Enforcement*) of the Original Facility Agreement shall be incorporated into this Agreement as if set out in full in this Agreement and as if references in those clauses to “this Agreement” are references to this Agreement.

7.2 **Counterparts**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

8. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

THE PARTIES

PART I

THE OBLIGORS

Name of Borrower

Avis Finance Company Limited

Avis Autonoleggio S.p.A.

Name of Guarantor

Avis Budget EMEA Limited

Avis Finance Company Limited

Avis Autonoleggio S.p.A.

Avis Alquile un Coche S.A

Avis Autovermietung GmbH & Co KG

Avis Budget Car Rental, LLC

PART II

THE LENDERS

Crédit Agricole Corporate and Investment Bank

Crédit Agricole Corporate and Investment Bank, Milan Branch

SCHEDULE 2

CONDITIONS PRECEDENT

Delivery to the Facility Agent of all of the documents set out in Part 1 of Schedule 6 to the Amended Agreement to be in form and substance to the Mandated Lead Arranger (acting reasonably).

SCHEDULE 3

FORM OF AMENDED AGREEMENT

Dated 20 October 2011
(as amended and restated on 5 December 2011)

AVIS BUDGET CAR RENTAL, LLC

and

AVIS BUDGET EMEA LIMITED

and

THE ORIGINAL BORROWERS

and

THE ORIGINAL GUARANTORS

and

*AVIS FINANCE COMPANY LIMITED
AS CO-ORDINATOR*

*CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK
AS MANDATED LEAD ARRANGER*

and

*CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK
AS FACILITY AGENT*

and

*CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK
AS SECURITY AGENT*

*AVIS EUROPE INTERIM FLEET FINANCING
FIRST AMENDED AND RESTATED FACILITY AGREEMENT*

Linklaters

Linklaters LLP
One Silk Street
London EC2Y 8HQ
Telephone (+44) 20 7456 2000
Facsimile (+44) 20 7456 2222
Ref L-194719

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This Agreement is made on 20 October 2011 (and amended and restated on 5 December 2011) by:

- (1) **AVIS BUDGET CAR RENTAL, LLC**, a Delaware limited liability company as an Original Guarantor (as defined below) (the “**Parent**”);
- (2) **AVIS BUDGET EMEA LIMITED**, incorporated under the laws of England whose registered office is at Avis House, Park Road, Bracknell, Berkshire RG12 2EW, registered under number 03311438 as an Original Guarantor (as defined below) (“**Avis Europe**”);
- (3) **THE ORIGINAL BORROWERS** (as defined below);
- (4) **THE ORIGINAL GUARANTORS** (as defined below);
- (5) **AVIS FINANCE COMPANY LIMITED**, incorporated under the laws of England whose registered office is at Avis House, Park Road, Bracknell, Berkshire RG12 2EW, registered under number 02123807 as co-ordinator (the “**Co-ordinator**”);
- (6) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK**, a *société anonyme* organised and existing under the laws of France, whose registered office is 9, quai du Président Paul Doumer, 92920 Paris La Défense Cedex, France, registered with the trade registry of Nanterre under number 304 187 701 RCS Nanterre (the “**Mandated Lead Arranger**”);
- (7) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as facility agent for the Lenders (as defined below) (the “**Facility Agent**”);
- (8) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK** as security agent (such bank in such capacity or any successor named as security agent pursuant to the terms of the Subordination Agreement, the “**Security Agent**”); and
- (9) **THE LENDERS** (as defined below).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**ABCR Subordination Agreement**” means the subordination agreement to be entered into between, amongst others, the Parent, the Obligors party thereto, the Facility Agent, the Security Agent and the Lenders (or such other parties as may be agreed);

“**ABG**” means Avis Budget Group, Inc.;

“**ABG Change of Control**” means:

- (a) the acquisition by any person or group (within the meaning of the U.S. Securities Exchange Act of 1934, as amended, and the rules of the U.S. Securities and Exchange Commission thereunder as in effect on the date of this Agreement), directly or indirectly, beneficially or of record, of ownership or control of in excess of 50 per cent. of the voting common stock of ABG on a fully diluted basis at any time;

- (b) if at any time, individuals who at the date of this Agreement constituted the board of directors of ABG (together with any new directors whose election by such board of directors or whose nomination for election by the shareholders of ABG, as the case may be, was approved by a vote of the majority of the directors then still in office who were either directors at the date of this Agreement or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of ABG;
- (c) ABG ceases to own, directly or through one or more wholly-owned Subsidiaries, all of the capital stock of Avis Budget Holdings, LLC (“**Holdings**”), free and clear of any direct or indirect Encumbrances (other than statutory Encumbrances); or
- (d) Holdings ceases to directly own all of the capital stock of the Parent, free and clear of any direct or indirect Encumbrances;

“**ABG Group**” means ABG and each Subsidiary of ABG from time to time;

“**Acceding Borrower**” means an Eligible SPV which has acceded to this Agreement as a Borrower pursuant to Clause 21 (*Acceding Borrowers*);

“**Acquisition**” means the acquisition by AE Consolidation Limited (a company incorporated under the laws of England registered under number 7666089) of all of the issued and to be issued shares of Avis Europe pursuant to a court sanctioned scheme of arrangement between Avis Europe and its shareholders under Part 26 of the Companies Act 2006 and the related reduction of capital (if any) under section 649 of the Companies Act 2006;

“**Acquisition Date**” means 3 October 2011;

“**Additional Costs Rate**” has the meaning given to it in paragraph 2 of Schedule 2 (*Mandatory Cost Formulae*);

“**Advance**” means:

- (a) when designated “**Revolving**”, the principal amount of each advance made or to be made under the Facility as provided in Clause 4 (*Utilisation of the Facility through Revolving Advances*), as reduced from time to time by repayment or prepayment;
- (b) when designated “**Swingline**”, the principal amount of each advance made or to be made under the Facility as provided in Clause 5 (*Utilisation of the Facility through Swingline Advances*), as reduced from time to time by repayment or prepayment;
- (c) when designated “**Rollover**”, (i) a Revolving Advance which is used to refinance a maturing Revolving Advance and which is in the same or lower amount and the same currency as such maturing Revolving Advance and is to be drawn on the day such maturing Revolving Advance is to be repaid and (ii) a Revolving Advance which is used to refinance, in whole or in part, a maturing Swingline Advance and is to be drawn on the day such maturing Swingline Advance is to be repaid; and
- (d) without any such designation, a “**Revolving Advance**”, “**Swingline Advance**” and/or a “**Rollover Advance**”, as the context requires;

“**Advance Rate**” means, in relation to each Country Group, 65 per cent. *minus* the product of (i) the Advance Rate Adjustment Percentage relating to such Country Group and (ii) the percentage of Eligible Vehicles in the relevant Vehicle Fleets owned by the Obligors comprising such Country Group that are At Risk Assets;

“**Advance Rate Adjustment Percentage**” means, in relation to each Country Group, the highest, for any calendar month within the preceding 12 calendar months, of a percentage equal to 100 per cent. *minus* the Measurement Month Average relating to such Country Group for the immediately preceding Measurement Month relating to such Country Group as of the Calculation Date within such calendar month;

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;

“**Agent’s Spot Rate of Exchange**” means the Facility Agent’s spot rate of exchange for the purchase of the relevant currency with Euro in the London foreign exchange market at or about 11.00 a.m. on a particular day;

“**Applicable Accounting Principles**” means GAAP;

“**Applicable Margin**” means 3 per cent. per annum, provided that:

(e) on and from each Settlement Date falling in March, June, September and December from and including December 2012 (the “**Post December 2012 Settlement Dates**”); and

(f) in respect of any Advance other than an Advance made to a Borrower SPV,

the Applicable Margin will be increased by (x) 0.25 per cent. per annum multiplied by (y) the number of Post December 2012 Settlement Dates which have occurred from and including the Settlement Date in December 2012 to and including such Settlement Date;

“**Asset Report**” means a duly completed report in the form set out in Schedule 3 (*Form of Asset Report*) as such form may be modified from time to time with the consent of the Co-ordinator and the Facility Agent (acting reasonably);

“**Assets in Progress Amount**” means the aggregate amount of the Capitalised Costs of all Vehicles which have been purchased by, delivered to and accounted for by the relevant Ultimate Borrower and for which no registration has been effected;

“**Assignment Agreement**” means an agreement substantially in the form set out in Schedule 11 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee;

“**At Risk Asset**” means each Non Programme Asset and each Non Eligible Programme Asset;

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration;

“**Availability Deficiency**” means, in relation to any day:

- (g) before the occurrence of any Event of Default, the extent to which the aggregate principal and accrued but unpaid interest in respect of the Facility exceeds the Borrowing Base as of the immediately preceding Calculation Date; and
- (h) on and after the occurrence of any Event of Default, the aggregate principal and accrued but unpaid interest in respect of the Facility plus the aggregate of any other amounts (including, without limitation, all fees, costs, expenses and indemnities) due by the Obligors under the Transaction Documents;

“**Availability Period**” means, the period from and including the date of this Agreement to and including the Final Maturity Date;

“**Available Commitment**” means, in relation to the Facility or a Tranche at any time, save as otherwise provided herein, a Lender’s Commitment under the Facility or that Tranche minus:

- (i) the Designated Currency Amount of its participation in any Advances under the Facility or that Tranche; and
- (j) in relation to any proposed Utilisation, the Euro amount of its participation in any Advances that are due to be made under the Facility on or before the proposed Utilisation Date,

other than, in relation to any proposed Rollover Advances only, that Lender’s participation in any Rollover Advances that are due to be repaid or prepaid on or before the proposed Utilisation Date;

“**Available Facility**” means, in relation to the Facility or a Tranche at any time, the aggregate Available Commitments in relation to the Facility or that Tranche;

“**Avis Europe**” means Avis Budget EMEA Limited;

“**Avis Europe Change of Control**” means:

- (k) ABG Group ceasing to (x) own directly or indirectly at least 100 per cent. of the share capital of Avis Europe, or (y) have the right or ability to cast at least 100 per cent. of the votes capable of being cast in shareholders’ general meetings of Avis Europe or (z) have the right or ability to appoint or remove all directors (or equivalent officers) of the board of directors (or equivalent body) of Avis Europe or to give directions with respect to the operating and financial policies of Avis Europe with which the directors or other equivalent officers of Avis Europe are obliged to comply; or
- (l) the sale or other disposal of all or substantially all of the assets of the Avis Europe Group (to the extent such disposal is not made in relation to a Permitted Take-Out Financing);

“**Avis Europe Group**” means Avis Europe and each Subsidiary of Avis Europe from time to time and (in connection with consolidated financial statements) each SPV or joint venture company which is a member of Avis Europe’s consolidated group for accounting purposes;

“**Borrower**” means any Original Borrower under the Facility or any Acceding Borrower;

“Borrower Accession Notice” means a duly completed notice of accession in the form of Schedule 4 (*Borrower Accession Notice*);

“Borrower Asset Value” means, as at any Calculation Date, in relation to any Ultimate Borrower, determined on that Calculation Date and without double-counting, the aggregate of:

- (m) the Borrower Vehicle Fleet NBV of such Ultimate Borrower; and
- (n) the Eligible Receivables Amount of such Ultimate Borrower;

minus

- (i) the Fleet Payables Amount of such Ultimate Borrower to the extent the maturity date of such payables is after the second succeeding Settlement Date;
- (ii) the amount of the Invoices to be Received by such Ultimate Borrower; and
- (iii) where VAT Receivables generate part of the Eligible Receivables Amount, the VAT Payables Amount of such Ultimate Borrower,

and provided that:

- A. in each case on and after any Permitted Take-Out Financing, the Borrower Asset Value of any relevant Borrower SPV shall be reduced to zero; and
- B. in the case of Vehicles owned by a German Obligor, the Facility Agent has received evidence satisfactory to it (acting reasonably) that the relevant German Obligor has validly transferred by way of security to the Security Agent for the benefit of the Finance Parties such German Obligor’s title to such Vehicles and such security remains effective on such Calculation Date over the relevant secured assets; and
- C. in the case of VAT Receivables, Vehicle Dealer Receivables and Vehicle Manufacturer Receivables, the Facility Agent has received evidence satisfactory to it (acting reasonably) that the relevant Ultimate Borrower has validly granted security to the Security Agent for the benefit of the Finance Parties in respect of such Ultimate Borrower’s rights to receive all such amounts and (if required to ensure the effectiveness of such security or pledge and as contemplated in the relevant Security Documents) the relevant persons have been duly notified of the assignment or pledge (as applicable) of such rights using the duly signed official form of notification approved by the Security Agent and such security remains effective on the relevant Calculation Date over the relevant secured assets. If an Ultimate Borrower grants security, pursuant to any Initial Security Document, to the Security Agent for the benefit of the Finance Parties in respect of such Ultimate Borrower’s rights to receive any such amounts, the Facility Agent shall be deemed to have received evidence satisfactory to it that such Ultimate Borrower has validly granted security to the Security Agent for the benefit of the Finance Parties in respect of such Ultimate Borrower’s rights to receive such amounts;

“Borrower SPV” means an SPV that has acceded as a Borrower pursuant to Clause 21 (*Acceding Borrowers*);

“**Borrower Vehicle Fleet NBV**” means, in relation to any Ultimate Borrower in respect of a Calculation Date, the Net Book Value of the Vehicle Fleet of such Ultimate Borrower (save that, for the purposes of this definition, in calculating such Net Book Value, the Depreciation Percentage in respect of any Vehicle shall not be less than 1.5 per cent.) as determined on such Calculation Date minus any Extraordinary Depreciation Amount (if any) applicable to such Vehicle Fleet plus the Assets in Progress Amount for such Ultimate Borrower;

“**Borrowing Base**” means, as at any Calculation Date (a) in relation to any Ultimate Borrower, an aggregate amount equal to the product of the then applicable Advance Rate and the Borrower Asset Value of such Ultimate Borrower and (b) in relation to Finco, an aggregate amount equal to the Borrowing Bases of German Opco and Spanish Opco, each calculated in accordance with (a) above, provided that, in relation to any Borrower that is an Eligible Italian Borrower at any time, the Borrowing Base shall be reduced by an amount equal to the aggregate registration tax which would be payable if the deed assignment of VAT Receivables by such Borrower were filed in Italy at such time;

“**Break Costs**” means the amount (if any) by which:

- (o) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in an Advance or Unpaid Sum to the last day of the current Term in respect of that Advance or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Term;

exceeds:

- (p) the amount which that Lender would be able to obtain by placing an amount equal to the principal or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Specified Business Day following such receipt or recovery and ending on the last day of the current Term;

“**Budget**” means the budget, prepared in accordance with the Applicable Accounting Principles and produced by the chief financial officer of the Avis Europe Group and approved by the board of directors of Avis Europe, in a form satisfactory to the Facility Agent and including the information required to be delivered to the Facility Agent pursuant to Clause 17.2 (*Budget*), the first such budget to be delivered for the financial year beginning on 1 January 2011;

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks generally are open for business in Paris and is a TARGET Day;

“**Calculation Date**” means:

- (q) the last calendar day of the calendar month preceding the first Utilisation Date or, if such date is less than 10 Specified Business Days before the first Utilisation Date, the date falling 10 Specified Business Days before the first Utilisation Date; and
- (r) thereafter, the last day of each calendar month;

“**Capitalised Cost**” means, with respect to each Vehicle purchased by an Ultimate Borrower, the price paid or to be paid (in each case, excluding any part thereof which represents VAT) for such Vehicle to the Vehicle Dealer, Vehicle Manufacturer or other person selling such Vehicle (after deduction of any discounts, including delivery charges but excluding taxes and any registration or titling fees unless capitalised by the relevant Ultimate Borrower in accordance with the Vehicle Dealer Purchase Agreement, the Vehicle Dealer Buy-Back Agreement, the Vehicle Manufacturer Purchase Agreement and the Vehicle Manufacturer Buy-Back Agreement, as applicable, corresponding to such Vehicle), provided that such Vehicle has been accounted for by such Ultimate Borrower;

“**Centre of Main Interests**” has the meaning given to it in Article 3(1) of Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings;

“**Charged Assets**” means the assets over which Security is expressed to be created pursuant to any Security Document;

“**Closing Date**” means the date on which the Acquisition was completed (being 3 October 2011);

“**Commitment**” means:

- (s) in relation to an Original Lender, the amount in Euro set opposite its name in the table in Schedule 1 (*Lenders and their Commitments*) in relation to the relevant Tranche (as such amount may be reduced from time to time in accordance with Clause 2.1 (*Grant of the Facility*)) and the amount in such currency of any other Commitments transferred to it under this Agreement; and
- (t) in relation to any other Lender, the amount in Euro of any Commitments transferred to it under this Agreement, to the extent not cancelled, reduced or transferred by it under this Agreement;

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 5 (*Form of Compliance Certificate*);

“**Concentration Limits**” means the following limits:

- (u) the percentage of Eligible Vehicles in the Vehicle Fleet which are At Risk Assets in aggregate shall not exceed 60 per cent. of the Vehicle Fleet;
- (v) the percentage of Eligible Vehicles in the Vehicle Fleet which are purchased from the same Vehicle Manufacturer Group, where the lower of the ratings assigned to such Vehicle Manufacturer Group by Moody’s and S&P is (i) Baa2 or higher by Moody’s or (ii) BBB or higher by S&P, shall not exceed 45 per cent. of the Vehicle Fleet;
- (w) the percentage of Eligible Vehicles in the Vehicle Fleet which are purchased from the same Vehicle Manufacturer Group, where the lower of the ratings assigned to such Vehicle Manufacturer Group by Moody’s and S&P is (i) Ba1 or above but below Baa2 by Moody’s or (ii) BB+ or above but below BBB by S&P, shall not exceed 15 per cent. of the Vehicle Fleet;

- (x) the percentage of Eligible Vehicles in the Vehicle Fleet which have the same Vehicle Manufacturer Group, where such Vehicle Manufacturer Group is not rated by either Moody's or S&P or the lower of the ratings assigned to such Vehicle Manufacturer Group by Moody's and S&P is (i) Ba2 or below by Moody's or (ii) BB or below by S&P, shall not exceed 10 per cent. of the Vehicle Fleet;
- (y) the percentage of Eligible Vehicles in the Vehicle Fleet in respect of which the relevant Vehicle Manufacturer Groups are not rated by Moody's or S&P or the lower of the ratings assigned to such Vehicle Manufacturer Group by Moody's and S&P is (i) Ba2 or below by Moody's or (ii) BB- or below by S&P, shall not exceed 25 per cent. of the Vehicle Fleet; and
- (z) the percentage of Eligible Vehicles in the Vehicle Fleet in respect of which the lower of the ratings assigned to the relevant Vehicle Manufacturer Groups are (i) Ba1 or below by Moody's or (ii) BB+ or below by S&P, shall not exceed 55 per cent. of the Vehicle Fleet,

provided that, where the limit on the percentage of Eligible Vehicles in the Vehicle Fleet which are purchased from the same Vehicle Manufacturer Group calculated in accordance with the above paragraphs is less than:

- (i) 25 per cent. of the Vehicle Fleet, where the relevant Vehicle Manufacturer Group is the Fiat Group the limit shall be 25 per cent. of the Vehicle Fleet; and
- (ii) 15 per cent. of the Vehicle Fleet, where the relevant Vehicle Manufacturer Group is the Ford Group the limit shall be 15 per cent. of the Vehicle Fleet.

In this definition, the “**percentage of Eligible Vehicles**” shall be the percentage of the aggregate Net Book Value of Eligible Vehicles in the Vehicle Fleet and the rating assigned to a Vehicle Manufacturer Group shall be the rating of the Vehicle Manufacturer Group Rating Entity (as defined in Schedule 13 (*Vehicle Manufacturer Group Table*));

“**Confidential Information**” means all information relating to any Obligor, the Avis Europe Group, the Senior Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Senior Finance Documents or the Facility from either:

- (aa) any Obligor or any of its advisers; or
- (bb) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any Obligor or any of its advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:
 - (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 40 (*Confidentiality*);

- (ii) is identified in writing at the time of delivery as non-confidential by any Obligor or any of its advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraph (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Obligors and the Avis Europe Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality;

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in a recommended form of the LMA or in any other form agreed between the Co-ordinator and the Facility Agent;

“**Co-ordinator**” means Finco in accordance with Clause 6 (*Co-ordinator*);

“**Core Country**” means each of Germany, Italy and Spain;

“**Country Group**” means each of (i) the Italian Obligors collectively; (ii) the Spanish Obligors collectively; and (iii) the German Obligors collectively;

“**CTA**” means the Corporation Tax Act 2009;

“**Default**” means any Event of Default or Potential Event of Default;

“**Depreciation Charge**” means, with respect to each Vehicle, the product of (a) the Depreciation Percentage applicable to the month ending on the Calculation Date at issue multiplied by (b) the applicable Capitalised Costs;

“**Depreciation Percentage**” means, with respect to each Vehicle:

(cc) which is a Programme Asset, the monthly depreciation percentage set forth in the applicable Vehicle Manufacturer Buy-Back Agreement or Vehicle Dealer Buy-Back Agreement (if any) in respect of such Vehicle or, in the absence of such a depreciation percentage in such Vehicle Manufacturer Buy-Back Agreement or Vehicle Dealer Buy-Back Agreement, a monthly depreciation percentage calculated in accordance with GAAP consistently applied; and

(dd) which is a Non Programme Asset, a monthly depreciation percentage calculated in accordance with GAAP consistently applied,

provided that, with respect to the foregoing determinations, such determinations shall be made no less frequently than on each Calculation Date falling in March, June, September and December of each year and on each additional date as may be required by the Applicable Accounting Principles;

“**Designated Currency**” means Euro;

“**Designated Currency Amount**” means, in relation to any amount required to be determined hereunder, (a) if such amount (or portion thereof) is denominated in a Designated Currency, such amount or portion in such Designated Currency and (b) if such amount (or portion thereof) is denominated in a currency other than such Designated Currency, the Designated Currency Equivalent of such amount or portion, in each case as at such date of determination;

“**Designated Currency Equivalent**” means, in relation to an amount denominated or expressed in any currency other than the relevant Designated Currency, the equivalent thereof in such Designated Currency calculated at the Agent’s Spot Rate of Exchange as at the relevant date of determination;

“**Disruption Event**” means either or both of:

- (ee) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Senior Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (ff) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Senior Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Senior Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted;

“**Eligible Asset**” means, at any time and in relation to any Ultimate Borrower, the Eligible Vehicles and Eligible Receivables of such Ultimate Borrower;

“**Eligible Italian Borrower**” means an entity incorporated in Italy and which is not acting for the purposes of this Agreement through a permanent establishment (*stabile organizzazione*) outside Italy;

“**Eligible Receivables**” means, at any time and in relation to any Ultimate Borrower:

- (gg) its Vehicle Manufacturer Receivables (other than its Excluded Vehicle Manufacturer Receivables);
- (hh) its Vehicle Dealer Receivables to the extent the Ultimate Borrower has the benefit of retention of title provisions relating to the relevant Vehicles at the relevant time; and
- (ii) its VAT Receivables,

provided that such receivables listed in paragraphs (a) and (b) above:

- (i) are not more than 90 days overdue and are evidenced by invoices in electronic or paper form;

- (ii) if owed by a legal entity or by an individual that is organised or resident in a country other than a European Union member country or the country in which such Ultimate Borrower or its Related Opco (as the case may be) is organised, then the Facility Agent has been provided with legal opinions satisfactory to it (acting reasonably) confirming that, subject to customary reservations and assumptions, such receivables are enforceable against the entity or individual that owes them;
- (iii) arise in the usual course of business of such Ultimate Borrower;
- (iv) are not owed by a sovereign debtor to the extent that the nature of such debtor materially and adversely prejudices the ability to obtain an effective legal assignment of such receivables;
- (v) are not owed by a debtor known by any Obligor to be subject to bankruptcy or insolvency proceedings; and
- (vi) can be freely and validly transferred (subject to any limitation or third party consent provided in the underlying contracts) (or are the subject of a security interest granted under the Security Documents in any jurisdiction),

and provided further that this definition excludes any and all receivables owed by an Obligor to another Obligor;

“Eligible Receivables Amount” means, in relation to any Ultimate Borrower, the aggregate amount of its Eligible Receivables;

“Eligible SPV” means any SPV (a) which is the owner of a Vehicle Fleet, (b) which benefits directly from all Vehicle Manufacturer Purchase Agreements, Vehicle Dealer Purchase Agreements, Vehicle Manufacturer Buy-Back Agreements, Vehicle Dealer Buy-Back Agreements and/or insurance policies relating to such Vehicle Manufacturer Buy-Back Agreements and Vehicle Dealer Buy-Back Agreements, and all Vehicle Manufacturer Guarantees (if any), in each case in respect of its Vehicle Fleet, (c) which has entered into leasing and other related operational agreements with its Related Opco upon terms reasonably satisfactory to the Facility Agent and (d) in respect of which the Co-ordinator has confirmed that satisfactory due diligence has been completed;

“Eligible Vehicle” means a Vehicle (a) that is subject to a Vehicle Manufacturer Purchase Agreement or Vehicle Dealer Purchase Agreement, (b) if the Vehicle is subject to a Vehicle Manufacturer Buy-Back Agreement or a Vehicle Dealer Buy-Back Agreement, such Vehicle satisfies the conditions set forth in such Vehicle Manufacturer Buy-Back Agreement or Vehicle Dealer Buy-Back Agreement for such Vehicle to benefit from the buy-back commitment of such Vehicle Manufacturer or Vehicle Dealer (including in respect of age and maximum mileage limitations), (c) the certificate of title and/or registration (as applicable) for which is in the name of an Ultimate Borrower and (d) that is owned by an Ultimate Borrower free and clear of all liens (other than a retention of title in favour of the corresponding Vehicle Manufacturer or Vehicle Dealer (as applicable)), provided that where a Vehicle is leased by an Opco to Affiliates, licensees or sub-licensees in accordance with its normal practice, the total number of such Vehicles leased to Affiliates, licensees or sub-licensees does not exceed 15 per cent. of the total number of Eligible Vehicles;

“Encumbrance” means:

- (jj) a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person;
- (kk) any arrangement under which money or the credit balance or other rights in respect of a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect payment of sums owed or payable to any person; or
- (ll) any other type of agreement or arrangement (including title transfer and retention arrangements) having a similar effect;

“Engagement Letter” means the letter entitled “Securitisation Mandate Letter”, dated 4 October 2011 from the Mandated Lead Arranger to the Parent;

“Environment” means humans, animals, plants and all other living organisms, including the ecological systems of which they form part and the following media:

- (mm) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (nn) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (oo) land (including, without limitation, land under water);

“Environmental Claim” means any administrative, regulatory or judicial action, suit, demand, demand letter, claim, notice of non-compliance or violation, investigation, proceeding, consent order or consent agreement relating to any Environmental Law or Environmental Licence;

“Environmental Law” means any applicable law or regulation which relates to:

- (pp) the pollution or protection of the Environment;
- (qq) the conditions of the workplace; or
- (rr) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste;

“Environmental Licence” means any Authorisations required at any time under Environmental Law;

“EURIBOR” means, in relation to any Advance:

- (ss) the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Facility Agent may specify another page or service displaying the appropriate rate after consultation with the Co-ordinator and the Lenders; and
- (tt) if no such rate is available for the Term of that Advance, the arithmetic mean (rounded upwards to four decimal places) of the rates as supplied to the Facility Agent at its request by the Reference Banks as the rate at which the relevant Reference Bank could borrow funds in the European interbank market in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in that currency and for that period,

as of 11.00 a.m. (Brussels time) on the Quotation Day for Euro and for a period comparable to the Term of that Advance, and if any such rate is below zero, EURIBOR will be deemed to be zero;

“**Euro Equivalent**” means, in relation to an amount denominated or expressed in any currency other than Euro, the equivalent thereof in Euro calculated at the Agent’s Spot Rate of Exchange as at the relevant date of determination;

“**Euro Lender**” means a Lender whose Commitments under the Euro Tranche are greater than zero;

“**Euro Tranche**” has the meaning given to it in paragraph (a) of Clause 2.1 (*Grant of the Facility*);

“**Event of Default**” means any of the events or circumstances specified as such in Clause 20 (*Events of Default*);

“**Excluded Vehicle Manufacturer Receivables**” means, at any time and in relation to any Ultimate Borrower, any Vehicle Manufacturer Receivables in respect of which a Vehicle Manufacturer Event of Default has occurred;

“**Existing Lender**” has the meaning set out in Clause 30.1 (*Assignments and Transfers by the Lenders*);

“**Extraordinary Depreciation Amount**” means, with respect to all Vehicles in a given Vehicle Fleet which have been damaged (other than as a result of ordinary wear and tear), any additional extraordinary depreciation related to such damage corresponding to the reasonably expected loss in value of such Vehicles and, with respect to all Vehicles in such Vehicle Fleet which have been lost or stolen, any additional extraordinary depreciation equal to the Net Book Value of such Vehicles;

“**Facility**” means the revolving credit facility made available under this Agreement as described in Clause 2.1 (*Grant of the Facility*);

“**Facility Office**” means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement;

“**Fee Letter**” means the letter from the Mandated Lead Arranger to the Parent dated on or around the date of this Agreement, as amended from time to time;

“**Final Maturity Date**” means the Settlement Date immediately after the date that is 24 months after the Acquisition Date;

“Finance Parties” means the Facility Agent, the Mandated Lead Arranger, the Security Agent and the Lenders;

“Financial Indebtedness” means (without double counting) any indebtedness in relation to or arising under or in connection with:

- (uu) any money borrowed (including any overdraft);
- (vv) any amount raised pursuant to any note purchase facility or the issue of debenture, bond, note or loan stock or any similar instrument;
- (ww) any amount raised by acceptance under any acceptance credit facility or any dematerialised equivalent;
- (xx) any receivable sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (yy) the purchase price of any asset or service to the extent payable by an Obligor after the time of sale or delivery to an Obligor, where the deferred payment is arranged as a method of raising finance (other than any deferred payment or grace period granted by a Vehicle Manufacturer or Vehicle Dealer in relation to the acquisition of the Eligible Vehicles);
- (zz) the sale price of any asset or service to the extent paid to an Obligor before the time of sale or delivery by the Obligor liable to effect that sale or delivery, where the advance payment is primarily arranged as a method of raising finance;
- (aaa) any lease, hire purchase agreement, credit sale or conditional sale agreement in each case which would be treated as financial liabilities in accordance with Applicable Accounting Principles;
- (bbb) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any currency, rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (ccc) shares which are expressed to be redeemable;
- (ddd) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (eee) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (fff) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) above;

“Finco” means Avis Finance Company Limited;

“Finco On-Loans” means each of the loans advanced by Finco to Spanish Opco and German Opco from time to time using the proceeds of an Advance, which loans shall be subject to an intercompany loan agreement in a form approved by the Facility Agent, acting reasonably;

“**Fleet Payables Amount**” means, in relation to any Ultimate Borrower, an amount equal to the aggregate amount of any debt due by such Ultimate Borrower to Vehicle Manufacturers and/or Vehicle Dealers (excluding any amount in respect of VAT related thereto) and remaining outstanding at the relevant Calculation Date;

“**Funds Flow Memorandum**” means the funds flow memorandum referred to in paragraph 5 of Part 1 of Schedule 6 (*Conditions Precedent*);

“**GAAP**” means:

(ggg) in relation to the Parent or any financial statement of the Parent, generally accepted accounting principles in the United States as in effect from time to time (“**US GAAP**”);

(hhh) in relation to Avis Europe or any financial statement of Avis Europe, on a stand-alone basis, generally accepted accounting principles in the United Kingdom as in effect from time to time, but as a consolidated entity, US GAAP; and

(iii) in relation to any other Obligor or the SPV Borrowers or any financial statement of any other member of the Avis Europe Group, generally accepted accounting principles, standards and practices in the jurisdiction of incorporation of that entity;

“**German Obligor**” means an Obligor incorporated in Germany;

“**German Opco**” means Avis Autovermietung GmbH & Co KG;

“**German Qualifying Lender**” means, with respect to an Advance to a Borrower incorporated in Germany, a Lender which is beneficially entitled to the interest payable to that Lender under the Senior Finance Documents and:

(jjj) is:

(i) a company resident in Germany for Tax purposes;

(ii) a partnership each member of which is:

(1) a company resident in Germany for Tax purposes; or

(2) a company not so resident in Germany which carries on a trade in Germany through a permanent establishment and with which that company’s interest in the partnership is effectively connected; or

(iii) a company not so resident in Germany which carries on a trade in Germany through a permanent establishment with which its participation in the relevant Advance is effectively connected; or

(kkk) is a German Treaty Lender;

“**German Security**” means any Security governed by German law;

“**German Security Document**” means each Security Document in relation to German Security;

“German Treaty Lender” means, with respect to an Advance to a Borrower incorporated in Germany, a Lender that:

(lll) is treated as a resident of a jurisdiction having a double taxation agreement with Germany which makes provision for full exemption from tax on payments of interest imposed by Germany, for the purposes of the relevant double taxation agreement;

(mmm) does not carry on a business in Germany through a permanent establishment with which that Lender’s participation in the Advance is effectively connected; and

(nnn) fulfils any other conditions that must be fulfilled under such treaty in order to qualify for the exemption referred to in paragraph (a) above, subject to the completion of any necessary procedural formalities;

“Group Business” means the acquisition, disposal, hiring, rent, financing of all types of vehicles, fleet management, licensing, franchising of any Intellectual Property Rights related to the activities of the Avis Europe Group and any other activity accessory or related to the main activities of the Avis Europe Group;

“Group Structure Chart” means the group structure chart or charts set out in Schedule 8 (*Group Structure Chart*);

“Guarantee” means, in respect of each Guarantor, the guarantee granted by such Guarantor pursuant to Clause 23.1 (*Guarantee and Indemnity*);

“Guarantors” means the Original Guarantors and **“Guarantor”** means any one of them, as the context requires;

“Holding Company” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary;

“IFRS” means international financial reporting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements;

“Increased Cost” means:

(ooo) a reduction in the rate of return from the Facility or on a Finance Party’s (or an Affiliate’s) overall capital;

(ppp) any additional or increased cost; or

(qqq) any reduction of any amount due and payable under any Senior Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Senior Finance Document;

“Information Date” means the Specified Business Day falling three Specified Business Days before each Settlement Date;

“**Initial Security Documents**” means the documents listed in Part 2 of Schedule 6 (*Conditions Precedent*);

“**Intellectual Property Rights**” means any patent, trade mark, service mark, registered design, trade name or copyright or any licence to use any of the same;

“**Interest Period**” means, with respect to any Term, the period from and including the Utilisation Date to but excluding the next Settlement Date following such Utilisation Date;

“**Invoices to be Received**” means the aggregate amount of all Capitalised Costs related to each Vehicle Fleet accounted for but for which the corresponding invoice has not yet been received;

“**ITA**” means the Income Tax Act 2007;

“**Italian Civil Code**” means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented.

“**Italian Lender**” means a Lender whose Commitment under the Italian Tranche is greater than zero;

“**Italian Obligor**” means Italian Opco and each other Borrower that is an Eligible Italian Borrower;

“**Italian Opco**” means Avis Autonoleggio SpA;

“**Italian Qualifying Lender**” means, in relation to an Advance to a Borrower incorporated in Italy:

(rrr) a Lender that is a resident of Italy for Italian tax purposes and acts through a Facility Office located in Italy; or

(sss) a Lender acting through a Facility Office which is a permanent establishment (*stabile organizzazione*) in Italy for which any payment under the Advance is a business income (*reddito d'impresa*) pursuant to articles 81 and 152 of Italian Presidential Decree No. 917 of 22 December 1986; or

(ttt) an Italian Treaty Lender;

“**Italian Security**” means any Security governed by Italian law;

“**Italian Security Documents**” means each Security Document in relation to Italian Security;

“**Italian Usury Laws**” means Law No. 108 of 7 March 1996 as amended and the ensuing decrees of the Ministry of Treasury of Italy;

“**Italian Treaty Lender**” means, in relation to an Advance to a Borrower incorporated in Italy, a Lender that:

(uuu) is treated as a resident of a jurisdiction having a double taxation agreement with Italy which makes provision for full exemption from tax on payments of interest imposed by Italy for the purposes of the relevant double taxation agreement;

(vvv) does not carry on a business in Italy through a permanent establishment with which that Lender's participation in a Senior Finance Document is effectively connected; and

(www) fulfils any other conditions which must be fulfilled under the relevant double taxation agreement for such residents to obtain full exemption from taxation on interest imposed by Italy, subject to the completion of any necessary procedural formalities.

"Joint Venture" means a joint venture entity with limited liability, whether a company, unincorporated entity, undertaking, joint venture, association, partnership or other entity, in which any Obligor has an interest from time to time not exceeding 50 per cent. of the issued share capital and/or voting rights;

"Law" means:

(xxx) any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any relevant jurisdiction; and

(yyy) any present or future directive, regulation, practice, concession or requirement which has the force of law and which is issued by any governmental body, agency or department or any central bank or other fiscal, monetary, regulatory, self-regulatory or other authority or agency;

"Lender" means any entity (whether or not such entity is a registered bank):

(zzz) named in Schedule 1 (*Lenders and their Commitments*); or

(aaaa) which has become a Party hereto in accordance with Clause 30.1 (*Assignments and Transfers by the Lenders*), and which has not ceased to be a Party hereto in accordance with the terms hereof;

"LMA" means the Loan Market Association;

"Majority Lenders" means:

(bbbb) if there are no Advances then outstanding, a Lender or Lenders whose Commitments aggregate more than $66\frac{2}{3}$ per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than $66\frac{2}{3}$ per cent. of the Total Commitments immediately prior to the reduction); or

(cccc) at any other time, a Lender or Lenders whose participations in the Advances then outstanding aggregate more than $66\frac{2}{3}$ per cent. of all the Outstandings;

"Mandatory Cancellation Event" means any of the following events:

(dddd) the Closing Date has not occurred by 30 October 2011; or

(eeee) a Mandatory Prepayment Event occurs;

"Mandatory Cost Rate" means the percentage rate per annum calculated by the Facility Agent in accordance with Schedule 2 (*Mandatory Cost Formulae*);

“Mandatory Prepayment Event” means any of the following events:

(ffff) an Avis Europe Change of Control, an ABG Change of Control or Opco Change of Control occurs;

(gggg) a Sale occurs; or

(hhhh) there are any Outstandings or accrued but unpaid interest outstanding at the Final Maturity Date;

“Material Adverse Effect” means any effect, event or circumstance which is or would be reasonably materially adverse to:

(iiii) (in respect of any Obligor other than the Parent) the financial condition, assets, operations, prospects or business of any such Obligor or the consolidated financial condition, assets, operations, prospects or business of such Obligors taken as a whole;

(jjjj) (in respect of the Parent) the financial condition, assets, operations or business of the Parent and its subsidiaries taken as a whole (it being understood that a bankruptcy filing by, or change in the actual or perceived credit quality of, or work stoppage affecting any of Ford, General Motors or Chrysler shall not by themselves constitute a Material Adverse Effect provided that such vehicle manufacturer has not failed to perform its material obligations to the Parent);

(kkkk) the ability of any Obligor to perform its payment obligations under the Senior Finance Documents; or

(llll) the validity, legality or enforceability of any Senior Finance Document;

“Measurement Month” with respect to any date and any Country Group means, collectively, each of the three periods most closely preceding such date, each of which periods shall consist of one calendar month or the smallest number of consecutive calendar months, in which (a) at least 250 Eligible Vehicles owned by the Obligors comprising the relevant Country Group which were At Risk Assets were sold at auction or otherwise or (b) at least one twelfth of the aggregate Net Book Value of such Eligible Vehicles owned by such Obligors as of the last day of each such period was sold at auction or otherwise; provided, however, that no calendar month included in any Measurement Month shall be included in any other Measurement Month;

“Measurement Month Average” means the lesser of (a) with respect to any Measurement Month and any Country Group, the percentage equivalent of a fraction, the numerator of which is the aggregate amount of the VAT-exclusive amount of the proceeds of sale of all Eligible Vehicles owned by the Obligors comprising such Country Group which were At Risk Assets sold at auction or otherwise during such Measurement Month and the denominator of which is the aggregate Net Book Value of such Eligible Vehicles on the dates of their respective sales and (b) 100 per cent.;

“Moody’s” means Moody’s Investors Service, Inc. or any successor to its rating business;

“**Necessary Authorisations**” means all Authorisations (including any competition and other clearances necessary in relation to the Acquisition) of any person including any government or other regulatory authority required by applicable Law to enable any Obligor to carry on its business from time to time;

“**Net Book Value**” means, on a Calculation Date, with respect to each Vehicle, such Vehicle’s Capitalised Cost, minus the aggregate Depreciation Charges accrued from the date of registration of such Vehicle to such Calculation Date;

“**New Lender**” has the meaning set out in Clause 30.1 (*Assignments and Transfers by the Lenders*);

“**New Vehicles**” means, in relation to any Ultimate Borrower, any Vehicle acquired by such Ultimate Borrower after the date of this Agreement;

“**Non Eligible Programme Asset**” means each Eligible Asset which is the subject of a Vehicle Manufacturer Programme with a Vehicle Manufacturer in respect of which a Vehicle Manufacturer Event of Default has occurred;

“**Non Programme Asset**” means each Eligible Asset which is not the subject of a Vehicle Manufacturer Programme;

“**Notification**” means (a) in respect of any Revolving Advance, a duly completed notification in the form set out in Part 1 of Schedule 7 (*Form of Notification*) and (b) in respect of any Swingline Advance, a duly completed notification in the form set out in Part 2 of Schedule 7 (*Form of Notification*);

“**Notification Date**” means, in relation to a Swingline Advance, the Specified Business Day on which the Facility Agent receives a duly completed Utilisation Request for such Swingline Advance.

“**Obligors**” means the Parent, Avis Europe, the Borrowers and the other Guarantors;

“**Opco**” means each of the Italian Opco, the Spanish Opco and the German Opco;

“**Opco Change of Control**” means:

(mmmm) the Avis Europe Group ceasing to (x) own directly or indirectly at least 100 per cent. of the share capital of Finco or any Opco, or (y) have the right or ability to cast at least 100 per cent. of the votes capable of being cast in shareholders’ general meetings of Finco or any Opco or (z) have the right or ability to appoint or remove all directors (or equivalent officers) of the board of directors (or equivalent body) of Finco or any Opco or to give directions with respect to the operating and financial policies of any Opco with which the directors or other equivalent officers of Finco or such Opco (as applicable) are obliged to comply; or

(nnnn) the sale or other disposal of all or substantially all of the assets of Finco or any Opco (to the extent such disposal is not made to an Eligible SPV in relation to a Permitted Take-Out Financing);

“**Original Borrower**” means each of Finco and the Italian Opco;

“**Original Euro Lender**” means each person which is named in Schedule 1 (*Lenders and their Commitments*) whose Commitment under the Euro Tranche is greater than zero.

“**Original Financial Statements**” means:

(oooo) in relation to Avis Europe, its audited consolidated financial statements for its financial year ended 31 December 2010;

(pppp) in relation to each Original Obligor (other than German Opco and Italian Opco), its audited financial statements for its financial year ended 31 December 2010;

(qqqq) in relation to the German Opco the consolidated financial statements of AVIS Automervietung Beteiligungsgesellschaft mbH Oberursel for its financial year ended 31 December 2010;

(rrrr) in relation to the Italian Opco, its audited financial statements for its financial year ended 30 June 2010; and

(ssss) in relation to any Acceding Borrower, its most recent audited financial statements (if any have yet been prepared for such Acceding Borrower) as of the date on which it becomes a Borrower in accordance with Clause 21 (*Acceding Borrowers*);

“**Original Guarantors**” means the Parent, Avis Europe, the Spanish Opco, the German Opco and the Original Borrowers;

“**Original Italian Lender**” means each person which is named in Schedule 1 (*Lenders and their Commitments*) whose Commitment under the Italian Tranche Commitment is greater than zero;

“**Original Lender**” means a person which is named in Schedule 1 (*Lenders and their Commitments*);

“**Original Obligors**” means the Co-ordinator, the Original Borrowers and the Original Guarantors;

“**Outstandings**” means all amounts outstanding from time to time under the Facility;

“**Parent**” means Avis Budget Car Rental, LLC, a Delaware limited liability company;

“**Participating Member State**” means any member of the European Union that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;

“**Party**” means a party to this Agreement;

“**Permitted Avis Europe/Finco Guarantees**” means any guarantee provided by Avis Europe or Finco as guarantor:

(tttt) in respect of any Permitted Avis Europe/Finco Financial Indebtedness; or

(uuuu) arising in the ordinary course of Group Business (excluding financing other than as expressly included in this paragraph (b)), including in respect of:

- (i) ordinary course rental and office facility lease obligations; and
- (ii) hedging arrangements for fixing of interest rate risk and foreign exchange risk,

in either case, not involving any counter-indemnity obligation of either Avis Europe or Finco (other than any Permitted Counter-Indemnities, as defined in Clause 19.3 (*Loans and Financial Indebtedness*)).

“Permitted Take-Out Financing” means, at any time in relation to any Borrower SPV, any transaction or series of related transactions providing for the securitisation of any Vehicle Fleet, Eligible Receivables or other assets of such Borrower, provided however, that such securitisation shall relate to the entire Vehicle Fleet of such Borrower SPV and shall be (a) on terms acceptable to the Mandated Lead Arranger and (b) substantially in line with the terms of the Engagement Letter, and provided that in each case the Vehicle Fleet which is the subject of the securitisation complies with the Vehicle Fleet Concentration Limits;

“Permitted Take-Out Financing Amount” means, with respect to a Take-Out Borrower, the aggregate principal amount of the indebtedness incurred with respect to a Permitted Take-Out Financing applicable to such Take-Out Borrower and applied, if there are any proceeds received by a Take-Out Borrower in relation to a Permitted Take-Out Financing, to the repayment of the Outstandings of such Take-Out Borrower to the extent required by Clause 11.3 (*Mandatory Prepayment in Full*);

“Permitted Take-Out Financing Document” means any agreement entered into by an Obligor that documents one or more aspects of a Permitted Take-Out Financing;

“Permitted Transaction” means:

(vvvv) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising under the Senior Finance Documents;

(wwww) any transaction required in order to effect a Permitted Take-Out Financing; or

(xxxx) transactions (other than the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm’s length terms;

“Potential Event of Default” means any event which (with the expiry of a grace period, the giving of notice or the making of any determination under the Senior Finance Documents or any combination of any of the foregoing) would constitute an Event of Default;

“Prepayment Account” means an interest bearing account in the name of the applicable Borrower with the Security Agent (bearing interest at the market rate applicable at such time to any such interest bearing accounts held with such bank) in relation to a Permitted Take-Out Financing Amount which is pledged, charged or assigned to the Finance Parties represented by the Security Agent or to the Security Agent pursuant to the Security Documents from which the only withdrawals which may be made by the applicable Take-Out Borrower are provided in Clause 11.6 (*Prepayment Accounts*);

“Programme Asset” means each Eligible Asset which is the subject of a Vehicle Manufacturer Programme;

“Proportion” in relation to a Lender, means:

(yyyy) in relation to an Advance to be made under this Agreement, the proportion borne by such Lender’s Available Commitment in respect of the relevant Tranche to the aggregate Available Commitment in relation to such Tranche; and

(zzzz) in relation to an Advance or Advances outstanding under this Agreement, the proportion borne by such Lender’s share of the amount of such Advance or Advances to the total amount thereof;

(aaaa) if paragraph (a) above does not apply and there are no Outstandings, the proportion borne by the aggregate of such Lender’s Available Commitment to the Available Facility (or, if the Available Facility is then zero, by its Available Commitment to the Available Facility immediately prior to its reduction to zero); and

(bbbb) if paragraph (b) above does not apply and there are any Outstandings, the proportion borne by such Lender’s share of the amount of the Outstandings to the amount of all the Outstandings for the time being;

“Protected Party” means a Finance Party which is or will be subject to any tax liability in relation to any amount payable under or in relation to a Senior Finance Document;

“Qualifying Lender” means an Italian Qualifying Lender, a German Qualifying Lender, a Spanish Qualifying Lender and/or a United Kingdom Qualifying Lender, as the case may be;

“Quotation Day” means, in relation to any period for which an interest rate is to be determined, at 11.00 a.m. (Brussels time) two TARGET Days before the first day of that period, provided that if market practice differs in the Relevant Interbank Market for a currency, the Quotation Day for that currency will be determined by the Facility Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days);

“Receivables Charge” means a first ranking security assignment (or equivalent first ranking security interest) in respect of receivables in the agreed form executed or to be executed in favour of the Finance Parties represented by the Security Agent, as security for all the actual, contingent, present and/or future obligations and liabilities of the relevant Obligor under or pursuant to the Senior Finance Documents;

“Reference Banks” means, in relation to EURIBOR and Mandatory Cost Rate, the principal offices in Paris of Crédit Agricole Corporate and Investment Bank, BNP Paribas and The Royal Bank of Scotland or such other bank or banks as may be appointed as such by the Facility Agent after consultation with the Co-ordinator;

“Related Fund” means, in relation to a fund (the **“first fund”**), any other fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, any other fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund;

“Related Opco” means, in relation to an SPV, the Opco to which such SPV leases Vehicles;

“Relevant Interbank Market” means the European interbank market;

“Relevant Jurisdiction” means, in relation to an Obligor, its jurisdiction of incorporation;

“Repayment Date” means, in relation to any Advance, the last day of its Term being a Settlement Date;

“Repeating Representations” means each of the representations and warranties set out in Clause 16 (*Representations*) other than those set out in:

(ccccc) Clause 16.6 (*No Filing or Stamp Taxes*);

(dddd) Clause 16.11 (*Original Financial Statements*);

(eeee) Clause 16.16 (*Structure*);

(ffff) Clause 16.17 (*Environmental Matters*);

(ggggg) Clause 16.21 (*Pension Plans*); and

(hhhhh) Clause 16.25 (*Centre of Main Interests*);

“Reporting Date” means the Specified Business Day falling two Specified Business Days before each Information Date;

“Representative” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“Reservations” means the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation on enforcement as a result of laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws affecting the rights of creditors generally and by general equitable principles, the time-barring of claims under applicable statutes of limitation, rules against penalties and similar principles and any other reservations or qualifications of law contained in any legal opinion delivered to the Facility Agent pursuant to the Senior Finance Documents;

“S&P” means Standard & Poor’s Ratings Services (a division of The McGraw-Hill Companies, Inc.) or any successor to its rating business;

“**Sale**” means the sale or other disposal of all or substantially all of the assets of Avis Europe, or all or substantially all of the business of Avis Europe, other than to any SPVs as contemplated hereunder;

“**Secured Finance Party**” means any Finance Party;

“**Security**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

“**Security Documents**” means:

- (iiii) each of the Initial Security Documents;
- (jjjj) any other document (executed at any time) conferring or evidencing any Encumbrance, guarantee or other assurance against financial loss for, or in respect of, any of the obligations of the Obligors under this Agreement and designated as a Security Document by the Facility Agent and the Co-ordinator in writing; and
- (kkkk) any other document executed at any time pursuant to any covenant in any of the Security Documents referred to in paragraph (a) or (b) above;

“**Security Principles**” means the principles listed on Schedule 9 (*Security Principles*);

“**Senior Finance Documents**” means this Agreement, any Borrower Accession Notice, the Security Documents, the Subordination Agreement, the ABCR Subordination Agreement, the Fee Letter, the Engagement Letter and any other document designated in writing as a “Senior Finance Document” by the Facility Agent and the Co-ordinator;

“**Settlement Date**” means:

- (llll) 17 October 2011 or such other date as the Co-ordinator and the Facility Agent may agree; and
- (mmmm) thereafter to and including the Final Maturity Date, the 20th day of each calendar month and, if this day is not a Specified Business Day, the next Specified Business Day;

“**Spanish Civil Procedural Law**” means Law 1/2000 of 7 January (*Ley de Enjuiciamiento Civil*);

“**Spanish Group Member**” means a member of the Avis Europe Group incorporated in Spain;

“**Spanish Guarantor**” means a Guarantor incorporated in Spain;

“**Spanish Obligor**” means an Obligor incorporated in Spain;

“**Spanish Opco**” means Avis Alquile un Coche S.A.;

“**Spanish Public Document**” means a *documento público*, being an *escritura pública*, *póliza* or *efecto intervenido por fedatario público*;

“Spanish Qualifying Lender” means, in relation to an Advance to a Borrower incorporated in Spain, a Lender which is beneficially entitled to the interest payable to that Lender under the Senior Finance Documents and:

(nnnnn) is a Spanish credit entity or financial credit establishment registered with the Bank of Spain to which the provisions set out in the first paragraph of section (c) of Article 59 of Spanish Royal Decree 1777/2004 of 30 July 2004 apply;

(ooooo) is a Spanish permanent establishment of a non-Spanish financial institution to which the provision set out in the second paragraph of Article 8.1 of Spanish Royal Decree 1776/2004 of 30 July 2004 apply, and provided that the income derived from the interest paid by the Spanish Borrower is effectively connected to such Spanish permanent establishment;

(ppppp) is a resident for tax purposes in a member state of the European Union (other than Spain) not acting for the purposes of this contract through a permanent establishment in Spain or being a permanent establishment of such European Union resident located in another member state of the European Union (other than Spain), provided that they are not acting through a territory considered a tax haven (as defined in the Spanish tax regulations) and provided that the income derived from the interest paid by the Spanish Obligor is effectively connected to such European Union resident or European Union permanent establishment; or

(qqqqq) is a Spanish Treaty Lender;

“Spanish Treaty Lender” means, in relation to an Advance to a Borrower incorporated in Spain, a Lender that (a) is treated as a resident of a jurisdiction having a double taxation agreement with Spain which makes provision for full exemption from tax on payment of interest imposed by Spain, for the purposes of the relevant double taxation agreement, and (b) does not carry on a business in Spain through a permanent establishment with which that Lender’s participation in a Senior Finance Document is effectively connected;

“Specified Business Day” means a day (other than a Saturday or a Sunday) on which banks generally are open for business in London, New York, Paris, Frankfurt am Main, Madrid and Milan;

“SPV” means any person that:

(rrrrr) is organised as a special purpose company, partnership or other legal person and satisfies the “bankruptcy remote” criteria of each Lender;

(sssss) is formed principally for the purpose of (i) leasing Vehicles to an Opco in relation to the Facility, (ii) purchasing and selling (conditionally or otherwise) Vehicles and/or (iii) becoming an Eligible SPV; and

(ttttt) is organised in (i) a Core Country in relation to the Facility or (ii) any other jurisdiction satisfactory to the Facility Agent (acting reasonably);

“SPV Operating Document” means any operating document to which an SPV is a party (including, without limitation, any master operating lease agreement, services agreement or shareholders’ agreement and the SPV’s constitutional documents) entered into from time to time with the prior written approval of the Majority Lenders;

“**SPV Security Document**” means any Security Document to which a Borrower SPV is a party;

“**Subordination Agreement**” means the subordination agreement to be entered into between, among others, Avis Europe, the Original Borrowers, the Original Guarantors, the Mandated Lead Arranger, the Facility Agent, the Security Agent and the Lenders;

“**Subsidiary**” means, in relation to any company, corporation or legal entity (a “**holding company**”), any company, corporation or legal entity:

(uuuuu) which is controlled, directly or indirectly, by the holding company;

(vvvvv) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the holding company; or

(wwwww) which is a subsidiary of another subsidiary of the holding company,

and, for these purposes, a company, corporation or legal entity shall be treated as being controlled by another if that other company, corporation or legal entity is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

“**Swingline Rate**” means, in respect of any Swingline Advance to the extent that there is no EURIBOR available for the exact period of such Swingline Advance, the linear interpolation of (a) the EURIBOR available for the period the duration of which is closest to the period of such Swingline Advance without exceeding it and (b) the EURIBOR available for the period the duration of which exceeds the period of such Swingline Advance by the fewest days possible;

“**Take-Out Borrower**” means a Borrower SPV which is itself subject to a Permitted Take-Out Financing;

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**TARGET Day**” means any day on which TARGET2 is open for the settlement of payments in Euro;

“**Tax**” and “**tax**” means any tax, levy, impost, duty or other charge or withholdings of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying the same);

“**Tax Confirmation**” means a confirmation by a Lender that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Senior Finance Document is either:

(xxxxx) a company resident in the United Kingdom for United Kingdom tax purposes; or

(yyyyy) a partnership each member of which is:

- (i) a company so resident in the United Kingdom; or

(ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

(zzzzz) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company;

“**Tax Credit**” means a credit against, relief or remission for, or repayment of any Tax;

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment made or to be made under a Senior Finance Document;

“**Tax Payment**” means either the increase in any payment made by an Obligor to a Finance Party under paragraph (c) of Clause 12.1 (*Tax Gross-up*) or any amount payable under Clause 12.2 (*Tax Indemnity*);

“**Term**” means, save as otherwise provided herein, in relation to an Advance, a period beginning on the Utilisation Date for such Advance and ending on:

(aaaaaa) in the case of a Revolving Advance, the first Settlement Date to occur following the Utilisation Date relating to such Revolving Advance; and

(bbbbbb) in the case of a Swingline Advance, the first Settlement Date to occur following the Utilisation Date relating to such Swingline Advance;

“**Total Asset Value**” means, as at any Calculation Date, the aggregate of the Borrower Asset Value of all the Ultimate Borrowers at such Calculation Date, **provided** that the Eligible Vehicles which are in excess of the Concentration Limits on any given Calculation Date shall not be taken into account in determining the Total Asset Value;

“**Total Borrowing Base**” means, as at any Calculation Date, the Advance Rate multiplied by the Total Asset Value as at such Calculation Date;

“**Total Commitments**” means the aggregate of the Commitments;

“**Tranches**” means the Italian Tranche and the Euro Tranche and “**Tranche**” means any one or more of them, as the context requires;

“**Transaction Documents**” means the Senior Finance Documents;

“**Transfer Certificate**” means a duly completed transfer certificate substantially in the form set out in Schedule 10 (*Form of Transfer Certificate*) or any other form agreed between the Facility Agent and the Co-ordinator;

“**Transfer Date**” means, in relation to an assignment or a transfer, the later of:

(ccccc) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and

(ddddd) the date on which the Facility Agent executes the relevant Assignment Agreement or Transfer Certificate;

“**Transition Date**” means, in respect of each SPV and its Related Opco, the date on which each Eligible SPV accedes to the Agreement as a Borrower pursuant to Clause 21 (*Acceding Borrowers*);

“**Treasury Transaction**” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate, price or index;

“**Treaty Lender**” means a UK Treaty Lender, a German Treaty Lender, an Italian Treaty Lender or a Spanish Treaty Lender, as the case may be;

“**UK Non-Bank Lender**” means, where a Lender becomes a Party after the day on which this Agreement is entered into, a Lender which gives a Tax Confirmation in the Assignment Agreement or Transfer Certificate which it executes on becoming a Party;

“**UK Obligor**” means an Obligor incorporated in the United Kingdom;

“**UK Treaty Lender**” means a Lender which:

(eeeeee) is treated as a resident of a UK Treaty State for the purposes of the UK Treaty;

(ffffff) does not carry on a business in the United Kingdom through a permanent establishment with which that Lender’s participation in the Loan is effectively connected; and

(gggggg) fulfils any other conditions which must be fulfilled under the Treaty by residents of that UK Treaty State for such residents to obtain full exemption from taxation on interest imposed by the United Kingdom, subject to the completion of any necessary procedural formalities;

“**UK Treaty State**” means a jurisdiction having a double taxation agreement (a “**UK Treaty**”) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest;

“**Ultimate Borrower**” means each of the German Opco and the Spanish Opco (in each case whilst it is a borrower under any Finco On-Loan), the Italian Opco (whilst it is a Borrower) and each Borrower SPV;

“**United Kingdom Qualifying Lender**” means, in relation to an Advance to a Borrower incorporated in the United Kingdom:

(hhhhh) a Lender (other than a Lender within paragraph (ii) below) which is beneficially entitled to interest payable to that Lender in respect of an Advance under a Senior Finance Document and is:

(i) a Lender:

(1) which is a bank (as defined for the purpose of section 879 of the ITA) making an Advance under a Senior Finance Document; or

- (2) in respect of an Advance made under a Senior Finance Document by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time that that Advance was made,

and which is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that Advance; or

(ii) a Lender which is:

(1) a company resident in the United Kingdom for United Kingdom tax purposes;

(2) a partnership each member of which is:

(A) a company so resident in the United Kingdom; or

(B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that Advance that falls to it by reason of Part 17 of the CTA;

(3) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that Advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company; or

(iii) a UK Treaty Lender; or

(iiii) a building society (as defined for the purpose of section 880 of the ITA) making an Advance under a Senior Finance Document;

“**Unpaid Sum**” means any sum due and payable by an Obligor under any Senior Finance Document but unpaid;

“**Utilisation**” means a utilisation of the Facility under this Agreement;

“**Utilisation Date**” means:

(jjjjj) the date on which a Revolving Advance is to be made, which shall be a Settlement Date; and

(kkkkkk) the date on which a Swingline Advance is to be made (or is required to be made), which shall be the Specified Business Day falling three Specified Business Days after the Notification Date;

“**Utilisation Request**” means, in the case of all Advances, a duly completed notice substantially in the form set out in Schedule 12 (*Utilisation Request*);

“Value Added Tax Group” means any Obligor which form part of a VAT group permitted under Article 11 of Council Directive 2006/112/EC;

“VAT” means:

(lllll) any tax imposed in compliance with the council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) (including, in relation to the United Kingdom, value added tax imposed by the Value Added Tax Act 1994 and supplemental legislation and regulations); and

(mmmmmm) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above or elsewhere;

“VAT Payables” means, at any time and in relation to any Ultimate Borrower, the aggregate of all VAT payments owed by such Ultimate Borrower to a taxation authority in its Core Country at such time;

“VAT Payables Amount” means, in relation to any Obligor, the aggregate amount of its VAT Payables;

“VAT Receivables” means, in relation to any Ultimate Borrower, and at any time as long as the Borrower Vehicle Fleet NBV taken into account for the calculation of the Borrower Asset Value of such Ultimate Borrower is positive, the aggregate of all VAT repayments owed by a taxation authority to such Ultimate Borrower in its Core Country at such time and in respect of which evidence satisfactory to the Facility Agent (acting reasonably) has been received that such VAT repayment is owed to the relevant Ultimate Borrower, but excluding any VAT repayment in respect of which security in form and substance acceptable to the Security Agent has not been provided to the Security Agent in accordance with the Security Documents;

“Vehicle” means each passenger automobile or truck owned by the Ultimate Borrowers (including all redesignations, substitutions, replacements and exchanges with respect to such vehicles), together, in each case, with any replacement parts and repairs thereto;

“Vehicle Dealer” means, in relation to any Vehicle, the dealership (being an entity which is in the business of buying and selling cars and which is not a member of any Vehicle Manufacturer Group) which sells or buys such Vehicle to or from the relevant Ultimate Borrower;

“Vehicle Dealer Buy-Back Agreement” means, in relation to any Ultimate Borrower:

(nnnnnn) any agreement between such Ultimate Borrower and a Vehicle Dealer entered into prior to the date hereof with respect to the purchase by the Ultimate Borrower (from a Vehicle Dealer or Vehicle Manufacturer), and purchase by a Vehicle Dealer (from the Ultimate Borrower), of any Vehicle in accordance with the terms thereof; and

(ooooo) any agreement between such Ultimate Borrower and a Vehicle Dealer entered into on or after the date hereof with respect to the purchase by such Ultimate Borrower (from a Vehicle Dealer or Vehicle Manufacturer), and purchase from such Vehicle Dealer (from the Ultimate Borrower), of Vehicles, provided that such agreement is consistent with the Vehicle Dealer Buy-Back Agreement existing on the Closing Date with such Vehicle Dealer (if any) taking into consideration any change in the relevant Vehicle Dealer's policy, or in the absence of such Vehicle Dealer Buy-Back Agreement, is in form and substance satisfactory to the Facility Agent (acting reasonably) and is consistent, in particular with respect to minimum holding periods, reconditioning and other costs incurred upon resale of Vehicles, with other Vehicle Dealer Buy-Back Agreements of such Ultimate Borrower;

"Vehicle Dealer Purchase Agreement" means, in relation to any Ultimate Borrower:

(ppppp) any purchase agreement between such Ultimate Borrower and a Vehicle Dealer entered into prior to the date hereof with respect to any Vehicle; and

(qqqqq) any purchase agreement between such Ultimate Borrower and a Vehicle Dealer entered into on or after the date hereof with respect to any Vehicle, provided that such agreement is consistent with the Vehicle Dealer Purchase Agreement existing on the Closing Date with such Vehicle Dealer (if any) taking into consideration any change in the relevant Vehicle Dealer's policy or, in the absence of such Vehicle Dealer Purchase Agreement, is in form and substance satisfactory to the Facility Agent (acting reasonably) and is consistent with other Vehicle Dealer Purchase Agreements of such Borrower;

"Vehicle Dealer Receivables" means, at any time and in relation to any Ultimate Borrower, the aggregate of the unpaid portion of all amounts (excluding amounts in respect of VAT) owed by any Vehicle Dealer to such Ultimate Borrower at such time pursuant to the disposition by such Borrower of any Vehicle under any Vehicle Dealer Buy-Back Agreement;

"Vehicle Fleet" means, at any Calculation Date and in relation to any Eligible SPV or Opco, all Eligible Vehicles that have been delivered to such Eligible SPV or Opco (as the case may be) in a Core Country, provided that in relation to a Borrower that is an Eligible SPV, any Eligible Vehicle which is leased by such SPV to its Related Opco pursuant to a finance or capital lease will be deemed to comply with the delivery requirement in this definition if such Eligible Vehicle is legally and beneficially owned by such SPV free and clear of all liens (other than a retention of title in favour of the corresponding Vehicle Manufacturer or Vehicle Dealer (as applicable));

"Vehicle Manufacturer" means, in relation to any Vehicle, any member of a Vehicle Manufacturer Group who is party to a Vehicle Manufacturer Purchase Agreement in respect of such Vehicle with any Ultimate Borrower;

"Vehicle Manufacturer Buy-Back Agreement" means, in relation to any Ultimate Borrower:

(rrrrr) any agreement between such Ultimate Borrower and a Vehicle Manufacturer entered into prior to the date hereof with respect to the purchase by such Ultimate Borrower, and the buy-back by such Vehicle Manufacturer, of any Vehicle in accordance with the terms thereof; and

(sssss) any agreement between such Ultimate Borrower and a Vehicle Manufacturer entered into on or after the date hereof with respect to the purchase by such Ultimate Borrower, and the buy-back by such Vehicle Manufacturer, of any Vehicle, provided that such agreement is consistent with the Vehicle Manufacturer Buy-Back Agreements existing on the Closing Date with such Vehicle Manufacturer (if any) taking into consideration any change in the relevant Vehicle Manufacturer's policy or, in the absence of such Vehicle Manufacturer Buy-Back Agreement, is in form and substance satisfactory to the Facility Agent (acting reasonably) and is consistent, in particular with respect to minimum holding periods, reconditioning and other costs incurred upon resale of Vehicles, with other Vehicle Manufacturer Buy-Back Agreements of such Ultimate Borrower;

"Vehicle Manufacturer Event of Default" means, with respect to any Vehicle Manufacturer, either of the following circumstances:

(ttttt) the relevant Vehicle Manufacturer has failed to pay when due pursuant to the terms of the relevant Vehicle Manufacturer Programmes and:

- (i) such failure continues unremedied for a period of 30 calendar days or more, the Euro Equivalent of €30,000,000 at such time;
- (ii) such amounts are not being contested in good faith by such Vehicle Manufacturer as evidenced in writing questioning the accuracy of amounts paid or payable with respect to certain Vehicles subject to Vehicle Manufacturer Programmes entered into by such Vehicle Manufacturer, (but excluding amounts arising pursuant to a general repudiation by such Vehicle Manufacturer of all of its obligations under all of its Vehicle Manufacturer Programmes with such Ultimate Borrowers); and
- (iii) such Ultimate Borrowers have not established an adequate reserve (as determined by such Ultimate Borrowers, acting reasonably) in respect of such amounts; or

(uuuuu) any of the events described in Clause 20.6 (*Insolvency*), Clause 20.7 (*Insolvency Proceedings*), or Clause 20.9 (*Execution or Distress*) occur in respect of such Vehicle Manufacturer and/or the Vehicle Manufacturer Group Head Entity of the Vehicle Manufacturer Group of which such Vehicle Manufacturer is a member;

"Vehicle Manufacturer Group" means each vehicle manufacturer group identified as such in Schedule 13 (*Vehicle Manufacturer Group Table*) as such Schedule may be amended from time to time as provided for therein, it being provided that each such Vehicle Manufacturer Group shall include (a) the relevant Vehicle Manufacturer Group Head Entity set out in the relevant column in the above-mentioned table opposite that group, (b) the relevant Vehicle Manufacturer Group Rating Entity set out in the relevant column in the above-mentioned table opposite that Group (if any) and (c) any Subsidiary of such Vehicle Manufacturer Group Head Entity, (and each such entity shall be a "member" of such Vehicle Manufacturer Group);

"Vehicle Manufacturer Group Head Entity" has the meaning ascribed to it in the table set out in Schedule 13 (*Vehicle Manufacturer Group Table*) with respect to the relevant Vehicle Manufacturer Group;

“**Vehicle Manufacturer Group Rating Entity**” has the meaning ascribed to it in the table set out in Schedule 13 (*Vehicle Manufacturer Group Table*) with respect to the relevant Vehicle Manufacturer Group;

“**Vehicle Manufacturer Guarantee**” means, in relation to any Vehicle Dealer and any Vehicle Dealer Buy-Back Agreement, any guarantee granted by a Vehicle Manufacturer benefiting any Ultimate Borrower with respect to the obligations of such Vehicle Dealer under such Vehicle Dealer Buy-Back Agreement, which guarantee, if entered into after the date hereof, shall be in form and substance satisfactory to the Facility Agent (acting reasonably);

“**Vehicle Manufacturer Programme**” means, in relation to any Ultimate Borrower and any Vehicle Manufacturer, any Vehicle Manufacturer Buy-Back Agreement to which such Vehicle Manufacturer and such Ultimate Borrower are parties and any Vehicle Manufacturer Guarantee from which such Ultimate Borrower benefits;

“**Vehicle Manufacturer Purchase Agreement**” means, in relation to any Ultimate Borrower:

(vvvvvv) any purchase agreement between such Ultimate Borrower and a Vehicle Manufacturer entered into prior to the date hereof with respect to any Vehicle; and

(wwwwww) any purchase agreement between such Ultimate Borrower and a Vehicle Manufacturer entered into on or after the date hereof with respect to any Vehicle, provided that such agreement is consistent with the Vehicle Manufacturer Purchase Agreement and Vehicle Manufacturer Buy-Back Agreement existing on the Closing Date with such Vehicle Manufacturer (if any) taking into consideration any change in the relevant Vehicle Manufacturer’s policy or, in the absence of such Vehicle Manufacturer Purchase Agreement, is in form and substance satisfactory to the Facility Agent (acting reasonably) and is consistent with other Vehicle Manufacturer Purchase Agreements of such Ultimate Borrower; and

“**Vehicle Manufacturer Receivables**” means, at any time and in relation to any Ultimate Borrower, the aggregate of all amounts (excluding amounts in respect of VAT and volume bonuses) owed by any Vehicle Manufacturer to such Ultimate Borrower at such time pursuant to the disposition by such Ultimate Borrower of any Vehicle under any Vehicle Manufacturer Buy-Back Agreement and to any Vehicle Manufacturer Guarantee.

1.2 Accounting Expressions

All accounting expressions which are not otherwise defined in this Agreement shall be construed in accordance with Applicable Accounting Principles.

1.3 Construction

(xxxxxx) Unless a contrary indication appears, any reference in this Agreement to:

the “**Facility Agent**”, a “**Mandated Lead Arranger**”, the “**Security Agent**”, any “**Finance Party**”, any “**Obligor**”, a “**Lender**” or any “**Party**” shall be construed so as to include its successors in title, permitted assigns and permitted transferees;

“**agreed form**” means, in relation to any document, the form agreed by the Mandated Lead Arranger and Avis Europe prior to the date of this Agreement;

“**assets**” includes present and future properties, revenues and rights of every description;

“**determines**” or “**determined**” means, unless otherwise specified, a determination made in the discretion (absent manifest error) of the person making the determination;

the “**equivalent**” on any given date in one currency (the “**first currency**”) of an amount denominated in another currency (the “**second currency**”) is a reference to the amount of the first currency which could be purchased with the second currency at the Agent’s Spot Rate of Exchange for the purchase of the first currency with the second currency;

“**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

“**month**” is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next succeeding calendar month save that, where any such period would otherwise end on a day which is not a Business Day or Specified Business Day where the context so requires, it shall end on the next succeeding Business Day or Specified Business Day where the context so requires, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it shall end on the immediately preceding Business Day or Specified Business Day where the context so requires, provided that, if a period starts on the last Business Day or Specified Business Day where the context so requires in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day or Specified Business Day where the context so requires in that later month (and references to “**months**” shall be construed accordingly);

a “**person**” shall be construed as a reference to any person, individual, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

a “**security interest**” includes any type of security and transfer by way of security;

“**trustee**”, “**fiduciary**” and “**fiduciary duty**” has in each case the meaning given to such term under any applicable laws;

“**week**” is a reference to a period starting on a Monday and ending on the following Sunday;

a “**wholly-owned Subsidiary**” of a company or corporation shall be construed as a reference to any company or corporation which has no other members except that other company or corporation and that other company’s or corporation’s wholly-owned Subsidiaries or nominees for that other company or corporation or its wholly-owned Subsidiaries save for those minimum number of shares to be held by several shareholders or the members of the board of directors; and

the “**winding-up**”, “**dissolution**” or “**administration**” of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the Law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business, including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection from creditors or relief of debtors.

(yyyyyy) Unless a contrary indication appears, a term used in any other Senior Finance Document or in any notice given under or in connection with any Senior Finance Document has the same meaning in that Senior Finance Document or notice as in this Agreement.

(zzzzzz) A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been waived.

1.4 **Currency Symbols**

“£” and “**Sterling**” denote the lawful currency of the United Kingdom, and “€” and “**Euro**” mean the single currency unit of Participating Member States.

1.5 **Statutes**

Any reference in this Agreement to a statute or a statutory provision shall, save where a contrary intention is specified, be construed as a reference to such statute or statutory provision as the same shall have been, or may be, amended or re-enacted.

1.6 **Time**

Any reference in this Agreement to a time of day shall, unless a contrary indication appears, be a reference to London time. Any act required to be taken on a day which is not a Specified Business Day shall be taken on the next succeeding Specified Business Day unless otherwise specifically provided in this Agreement.

1.7 **References to Agreements**

Unless otherwise stated, any reference in this Agreement to any agreement or document (including any reference to this Agreement) shall be construed as a reference to:

(aaaaaaa) such agreement or document as amended, varied, novated or supplemented from time to time;

(bbbbbbb) any other agreement or document whereby such agreement or document is so amended, varied, supplemented or novated; and

(ccccccc) any other agreement or document entered into pursuant to or in accordance with any such agreement or document.

1.8 **Headings**

Clause and Schedule headings are for ease of reference only.

1.9 **Singular and Plural**

Any reference in this Agreement to words importing the plural shall include the singular and vice versa.

1.10 **Calculations**

Save as otherwise indicated herein, if any amount under this Agreement is required to be determined in relation to any Obligor at any time, such amount shall be determined in Euro; provided that, if any portion of such amount includes an amount denominated or expressed in any currency other than the relevant Designated Currency indicated above, such portion shall be equal to its Designated Currency Equivalent at such time.

1.11 **Third Party Rights**

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

1.12 **Security**

For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement, none of the Obligors shall be deemed to, or be interpreted to, have granted a security interest or an Encumbrance, or have agreed to grant a security interest or an Encumbrance, in favour of any Finance Party whatsoever, until and unless a relevant Security Document to which such Obligor is a party shall have been executed and delivered by such Obligor, and this Agreement is not a Security Document.

2. **THE FACILITY**

2.1 **Grant of the Facility**

The Original Lenders grant to the Original Borrowers, upon the terms and subject to the conditions hereof, a revolving credit facility as follows:

(ddddd) in the case of the Original Euro Lender, a tranche in a maximum aggregate amount of €350,000,000 less the aggregate principal amount outstanding of the Italian Tranche (the “**Euro Tranche**”) to be available in Euro; and

(e) in the case of the Original Italian Lender, a tranche in a maximum aggregate amount of €180,000,000 less an amount (subject to a minimum of zero) equal to:

- (i) the aggregate principal amount outstanding of the Euro Tranche; minus
- (ii) €170,000,000,

(the “**Italian Tranche**”) to be available in Euro.

2.2 **Purpose**

(ffffff) The proceeds of each Revolving Advance made on the first Utilisation Date will be applied in or towards refinancing existing indebtedness of the Avis Europe Group (including any loans made by the Parent to the Obligors).

(gggggg) The proceeds of each Revolving Advance made after the first Utilisation Date and of each Swingline Advance will be applied in or towards:

- (i) financing a portion of the Capitalised Costs and any part of the purchase price of the Vehicles which are the subject matter of such Capitalised Costs which represent VAT, of the relevant Ultimate Borrower's New Vehicles;
- (ii) financing the VAT Payables Amount;
- (iii) financing on-going working capital requirements and other general corporate expenditure of the Avis Europe Group;
- (iv) in the case of Finco only, financing Finco On-Loans, the proceeds of which must be applied by German Opco or Spanish Opco for one or more of the purposes set out in paragraphs (i) to (iii) above in respect of the relevant Opco; and
- (v) refinancing of any Revolving Advance or Swingline Advance by way of a Rollover Advance.

2.3 **Finance Parties' Rights and Obligations**

(hhhhhh) The obligations of each Finance Party under the Senior Finance Documents are several and the failure by a Finance Party to perform any of its obligations under the Senior Finance Documents shall not affect the obligations of any other party under the Senior Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Senior Finance Documents.

(iiiiiii) The rights of each Finance Party under or in connection with the Senior Finance Documents are separate and independent and any debt arising under the Senior Finance Documents at any time from an Obligor to any Finance Party shall be a separate and independent debt.

(jjjjjj) Each Finance Party may, except as otherwise stated in the Senior Finance Documents, separately enforce its rights under this Agreement.

2.4 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed under this Agreement.

3. **INITIAL CONDITIONS PRECEDENT**

No Borrower may deliver a Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part 1 of Schedule 6 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent. The Facility Agent shall notify the Co-ordinator and the Lenders promptly upon being so satisfied.

4. UTILISATION OF THE FACILITY THROUGH REVOLVING ADVANCES

4.1 Utilisation Conditions

Save as otherwise provided herein, a Revolving Advance will be made by the Lenders to a Borrower at the request of such Borrower, if:

(kkkkkkk) the Closing Date has occurred;

(lllllll) not later than 10 a.m. on the day falling three Business Days prior to the proposed Utilisation Date, the Facility Agent has received a completed Utilisation Request from the Co-ordinator;

(mmmmmmm) not later than 2 p.m. on the relevant Reporting Date, the Facility Agent has received the relevant Asset Report relating to such Borrower from the Co-ordinator;

(nnnnnnn) the Borrower is:

(i) in the case of a Revolving Advance to be made under the Italian Tranche, an Eligible Italian Borrower; or

(ii) in the case of a Revolving Advance to be made under the Euro Tranche, Finco or a Borrower SPV other than an Eligible Italian Borrower;

(ooooooo) the proposed Utilisation Date:

(i) in the case of any Revolving Advance to be made for any purpose set forth in paragraph (a) of Clause 2.2 (*Purpose*), is the first Utilisation Date; and

(ii) in the case of any Revolving Advance to be made for the purpose set forth in paragraph (b) of Clause 2.2 (*Purpose*), is a Specified Business Day after the first Utilisation Date within the Availability Period provided that Revolving Advances will only be made on the Settlement Date, unless the Majority Lenders otherwise agree;

(ppppppp) the proposed amount of such Revolving Advance is:

(i) an amount equal to at least €1,000,000, provided that the aggregate amount of all Revolving Advances on such Utilisation Date shall be equal to at least €3,000,000; or

(ii) if less, equal to the Available Facility;

(qqqqqqq) the aggregate amount of all outstanding Advances to the relevant Borrower, together with the proposed amount of such Revolving Advance, does not exceed the Borrowing Base of such Borrower;

(rrrrrrr) the aggregate amount of all outstanding Advances to all Borrowers together with the proposed amount of such Revolving Advance does not exceed the Total Borrowing Base;

(sssssss) (in respect of a Revolving Advance other than a Rollover Advance) the interest rate applicable to such Revolving Advance during its Term would not fall to be determined pursuant to Clause 8.2 (*Market Disruption*);

(tttttt) on and as of the proposed Utilisation Date (i) in the case of a Rollover Advance, no Event of Default is continuing or would result from the proposed Utilisation and, in the case of any other Advance, no Default is continuing or would result from the proposed Advance and (ii) the Repeating Representations are true in all material respects, provided that the Facility Agent may assume that this condition has been satisfied unless it has received any notification to the contrary from the Co-ordinator prior to the Utilisation Date;

(uuuuuu) on and as of the proposed Utilisation Date in relation to a Rollover Advance, no declaration of acceleration of any Advance, nor cancellation of any Commitment shall have been made pursuant to Clause 11 (*Cancellation and Prepayment*);

(vvvvvv) immediately following the making of such Revolving Advance:

- (i) the aggregate outstanding amount of all Advances under each Tranche would not exceed the aggregate amount of each Lender's Commitment in relation to such Tranche; and
- (ii) the amount of the Outstandings would not exceed the amount of the Total Commitments at such time; and

(wwwwww) following the Settlement Date in December 2012, each Related Opco shall only have the right to request Advances as provided in paragraph (e) of Clause 18.14 (*SPVs*).

4.2 **Each Lender's Participation in Revolving Advances**

(xxxxxxx) Each Lender will, not later than 10 a.m. on the Specified Business Day immediately preceding the Utilisation Date, provide the Facility Agent with a confirmation either by e-mail or by fax that the payment of its respective Proportion of the Revolving Advance in favour of the Facility Agent has been ordered for value on the Utilisation Date.

(yyyyyyy) Save as otherwise provided herein, each Lender will participate through its relevant Facility Office in each Revolving Advance made pursuant to this Clause 4.2 in its respective Proportion.

4.3 **Reduction of Available Commitment**

If a Lender's Commitment is reduced pursuant to Clause 11 (*Cancellation and Prepayment*) or Clause 14 (*Illegality*) after the Facility Agent has received the Utilisation Request pursuant to this Clause 4 and such reduction was not taken into account in calculating the relevant Available Facility, then the amount of the relevant Revolving Advance shall be reduced accordingly.

5. **UTILISATION OF THE FACILITY THROUGH SWINGLINE ADVANCES**

5.1 **Utilisation Conditions**

Save as otherwise provided herein, a Swingline Advance will be made by the Lenders to a Borrower at the request of such Borrower, if:

(zzzzzz) the Closing Date has occurred;

(aaaaaaa) not later than 10 a.m. on the relevant Notification Date, the Facility Agent has received a completed Utilisation Request from the Co-ordinator;

(bbbbbbb) the proposed Utilisation Date:

- (i) is the first Specified Business Day of a calendar week; and
- (ii) does not fall in the period commencing on (and including) each Information Date to (and including) the Settlement Date following such Information Date;

(ccccccc) the Borrower is:

- (i) in the case of a Swingline Advance to be made under the Italian Tranche, an Eligible Italian Borrower; or
- (ii) in the case of a Swingline Advance to be made under the Euro Tranche, Finco or a Borrower SPV other than an Eligible Italian Borrower;

(ddddddd) the proposed amount of such Swingline Advance is:

- (i) an amount equal to at least €1,000,000, provided that the aggregate of the Euro amount of all Swingline Advances on such Utilisation Date shall be equal to at least €3,000,000; or
- (ii) if less, equal to the Available Facility;

(eeeeeee) the aggregate amount of all outstanding Advances to the relevant Borrower, together with the proposed amount of such Swingline Advance, does not exceed the Borrowing Base of such Borrower;

(ffffff) the aggregate amount of all outstanding Advances to all Borrowers together with the proposed amount of such Swingline Advance does not exceed the Total Borrowing Base;

(ggggggg) on and as of the proposed Utilisation Date (i) no Default is continuing or would result from the proposed Advance and (ii) the Repeating Representations are true in all material respects, provided that the Facility Agent may assume that this condition has been satisfied unless it has received any notification to the contrary from the Co-ordinator prior to the Utilisation Date;

(hhhhhhh) immediately following the making of such Swingline Advance:

- (i) the aggregate outstanding amount of all Advances under each Tranche would not exceed the aggregate amount of each Lender's Commitment in relation to such Tranche; and
- (ii) the amount of the Outstandings would not exceed the amount of the Total Commitments at such time;

(iiiiiii) following the Settlement Date in December 2012, each Related Opco shall only have the right to request Advances as provided in paragraph (e) of Clause 18.14 (SPVs); and

(jjjjjjj) no Borrower may request more than one Swingline Advance per week.

5.2 **Delivery of a Utilisation Request for Swingline Advances**

A Borrower may utilise the Facility by delivery (through the Co-ordinator) to the Facility Agent of a duly completed Utilisation Request not later than 10 a.m. on the relevant Notification Date.

5.3 **Each Lender's Participation in Swingline Advances**

(kkkkkkkk) Each Lender will, not later than 10 a.m. on the Specified Business Day immediately preceding the Utilisation Date, provide the Facility Agent with a confirmation either by e-mail or by fax that the payment of its respective Proportion of the Swingline Advance in favour of the Facility Agent has been ordered for value on the Utilisation Date.

(llllllll) If the conditions set out in this Agreement have been met, each Lender shall participate through its relevant Facility Office in each Swingline Advance made available pursuant to this Clause 5 in its respective Proportion.

6. **CO-ORDINATOR**

(mmmmmmmm) Each Original Obligor hereby irrevocably appoints the Co-ordinator to act as its agent for the purposes of the Senior Finance Documents, including, without limitation, the delivery of Utilisation Requests and the execution of any amendments or waivers contemplated under the terms of Clause 39 (*Amendments*). Each Acceding Borrower shall appoint the Co-ordinator as its agent for the purposes of the Senior Finance Documents by the execution of a Borrower Accession Notice. The Finance Parties may rely on a document signed by the Co-ordinator as if the Co-ordinator and each other Obligor had signed it.

(nnnnnnnn) The Co-ordinator shall be responsible for collecting and providing all information required to be delivered, in each case, by any Obligor to any Finance Party under this Agreement, including the relevant Asset Report on each Reporting Date.

(oooooo) The Co-ordinator may give a good receipt for any amount payable by a Finance Party to any Obligor. Any communication delivered to the Co-ordinator shall be deemed for the purposes of any Senior Finance Document to have been delivered to each other Obligor. Any communication made by the Co-ordinator to any Finance Party shall be deemed to have been made with the consent of each other Obligor.

(pppppppp) Notwithstanding the above provisions of this Clause or any other provision of this Agreement, in the event that a Borrower SPV notifies the Co-ordinator and the Facility Agent of its decision to revoke the appointment of the Co-ordinator as its agent under this Agreement (and the Facility Agent consents to such revocation), such revocation will have for immediate effect that any provision of this Agreement which calls for, or relies upon, the notification by or to, or the approval or consent of, the Co-ordinator shall be deemed to be modified to require, in addition to the notification by or to, or the approval or consent of (as the case may be), the Co-ordinator, the notification by or to, or the approval or consent of, each SPV in respect of such SPV when such notification, approval or consent concerns such SPV.

7. **PAYMENT AND CALCULATION OF INTEREST**

7.1 **Payment of Interest**

With respect to any Advance, the relevant Borrower shall pay accrued interest on that Advance on the Repayment Date relating to such Advance.

7.2 **Calculation of Interest**

The rate of interest on each Advance for each Interest Period shall be the rate per annum calculated to the nearest two decimal places, which is the sum of:

(qqqqqqq) the Applicable Margin;

(rrrrrrr) the Mandatory Cost Rate; and

(sssssss) either:

(i) in relation to any Swingline Advance, the relevant Swingline Rate; or

(ii) in relation to any Revolving Advance, EURIBOR.

7.3 **Notification of Rates**

The Facility Agent shall promptly notify the Lenders and the relevant Borrower of the determination of a rate of interest under this Agreement.

7.4 **Italian Law Interest Cap**

(ttttttt) Notwithstanding any other provision of this Agreement, if at any time the TEG (as defined below) applicable to an Advance under the Italian Tranche exceeds the maximum amount set out by Italian Usury Laws at that time and that would constitute a breach of Italian Usury Laws, then the rate of interest payable by any Borrower which is an Eligible Italian Borrower in respect of that Advance shall be capped, for the shortest possible period, at an amount such that the TEG applicable to that Advance is equal to the maximum amount permitted under the Italian Usury Laws.

(uuuuuuu) For the purposes of this Clause 7.4, “**TEG**” means the *tasso effettivo globale* calculated as set out in the instructions published by the Bank of Italy named “*Istruzioni per la rilevazione dei tassi effettivi globali medi ai sensi della legge sull’usura*” dated August 2009 and as from time to time amended or supplemented.

8. **CHANGES TO THE CALCULATION OF INTEREST**

8.1 **Absence of Quotations**

Subject to Clause 8.2 (*Market Disruption*), if EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by 11 a.m. (Brussels time) on the Quotation Day, the applicable EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

8.2 **Market Disruption**

(vvvvvvvv) If a Market Disruption Event occurs in relation to an Advance for any Term, then the rate of interest on each Lender's share of that Advance for the Term shall be the percentage rate per annum which is the sum of:

- (i) the Applicable Margin;
- (ii) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event by close of business on the date falling two Specified Business Days after the Quotation Day (or, if earlier, on the date falling three Specified Business Days prior to the date on which interest is due to be paid in respect of that Term), to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Advance from whatever source it may reasonably select; and
- (iii) the Mandatory Cost Rate, if any, applicable to that Lender's participation in the Advance.

(wwwwwww) In this Agreement, "**Market Disruption Event**" means:

- (i) EURIBOR is to be determined by reference to the Reference Banks and at or about noon on the Quotation Day for the relevant Term and none or only one of the Reference Banks supplies a rate to the Facility Agent to determine EURIBOR for the relevant Term; or
- (ii) before close of business in London on the Quotation Day for the relevant Term, the Facility Agent receives notification from a Lender or Lenders (whose participations in an Advance exceed 35 per cent. of that Advance) that the cost to it of funding its participation in that Advance from whatever source it may reasonably select would be in excess of EURIBOR.

8.3 **Alternative Basis of Interest or Funding**

(xxxxxxx) If a Market Disruption Event occurs and the Facility Agent or the Co-ordinator so requires, the Facility Agent and the Co-ordinator shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest.

(yyyyyyy) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Co-ordinator, be binding on all Parties to this Agreement.

8.4 **Break Costs**

(zzzzzzz) Each Borrower shall, within three Specified Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of an Advance or Unpaid Sum being paid by that Borrower on a day other than the last day of the Term for that Advance or Unpaid Sum.

(aaaaaaa) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate confirming the amount and showing (in reasonable detail) the calculation of its Break Costs for any Term in which they accrue.

9. **FEES**

9.1 **Commitment Fee**

(bbbbbbbbb) The Co-ordinator shall pay (to the extent not already paid) to the Facility Agent for the account of each Lender a commitment fee on the amount of such Lender's Available Commitment in relation to the Facility from day to day commencing on the date of this Agreement and ending on the Final Maturity Date, such commitment fee to be calculated at the rate of 1.25 per cent. per annum.

(ccccccccc) The accrued commitment fee is payable quarterly on Settlement Dates, each being the last day of each successive period, with a first payment on the Settlement Date falling in December 2011 and thereafter each subsequent payment date being the Settlement Date falling in March, June, September and December in each year.

9.2 **Other Fees**

The Co-ordinator shall pay (to the extent not already paid) to the Facility Agent for its own account and/or for the account of the Lenders or the Security Agent (as applicable) each of the fees specified in the Fee Letter at the times, and in the amounts, specified in such letter.

10. **NOTIFICATION**

10.1 **Advances**

No later than (a) in the case of a Revolving Advance, 2 p.m. on the relevant Information Date and (b) in the case of any Swingline Advance, 2 p.m. on the relevant Notification Date, the Facility Agent shall, in respect of any Advance made or to be made under this Facility, deliver a Notification, together (in the case of a Revolving Advance) with a copy of any Asset Report required to be delivered in relation to such Revolving Advance.

10.2 **Repayment of Advances**

(ddddddddd) Each Borrower which has drawn a Revolving Advance shall repay that Advance on the Repayment Date relating to that Advance.

(eeeeeeeee) Without prejudice to each Borrower's obligation under paragraph (a) above, if a Revolving Advance is to be made available to a Borrower:

- (i) on the same day that a maturing Revolving Advance is due to be repaid by that Borrower; and
- (ii) for the purpose of refinancing the maturing Revolving Advance,

the aggregate amount of the new Revolving Advance shall be treated as if applied in or towards repayment of the maturing Revolving Advance so that:

- A.** if the amount of the maturing Revolving Advance exceeds the aggregate amount of the new Revolving Advances:
 - (a) the relevant Borrower will only be required to pay an amount in cash in the relevant currency equal to that excess; and

- (b) each Lender's participation (if any) in the new Revolving Advances shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation (if any) in the maturing Revolving Advances and that Lender will not be required to make its participation in the new Revolving Advances available in cash; and

B. if the amount of the maturing Revolving Advance is equal to or less than the aggregate amount of the new Revolving Advances:

(ffffff) the relevant Borrower will not be required to make any payment in cash;

(gggggg) each Lender will be required to make its participation in the new Revolving Advances available in cash only to the extent that its participation (if any) in the new Revolving Advances exceeds that Lender's participation (if any) in the maturing Revolving Advance and the remainder of that Lender's participation in the new Revolving Advances shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Revolving Advance; and

(hhhhhh) all amounts outstanding under the Facility shall be repaid on the Final Maturity Date.

11. CANCELLATION AND PREPAYMENT

11.1 Voluntary Cancellation

The Co-ordinator may, by giving to the Facility Agent prior notice on a Reporting Date to that effect, cancel the whole or any part (being in a minimum amount of €5,000,000 (or its Euro Equivalent) and an integral multiple of €1,000,000 (or its Euro Equivalent)) of any Available Facility on the Settlement Date relating to such Reporting Date. Any such cancellation shall reduce permanently the Commitment of each Lender in relation to the Facility or such Tranche (as the case may be) rateably.

11.2 Automatic Cancellation

(iiiiiii) If a Mandatory Cancellation Event occurs, the Commitments shall be immediately cancelled and reduced to zero.

(jjjjjj) At the end of the Availability Period, any undrawn Commitment shall be cancelled and no further amount shall be capable of being drawn under the Facility.

11.3 Mandatory Prepayment in Full

(kkkkkk) Immediately upon receipt by any Borrower SPV of the proceeds of any Permitted Take-Out Financing, such proceeds shall be applied to pay 100 per cent. of the Advances made to such Borrower SPV, in each case, including any interest accruing thereon and any Break Costs related thereto. On the immediately succeeding Settlement Date, the

Total Commitments shall be permanently reduced in accordance with Clause 11.5 (*Reduction of the Total Commitment*).

(lllllllll) If a Mandatory Prepayment Event occurs:

- (i) the Co-ordinator shall promptly notify the Facility Agent upon becoming aware of that event;
- (ii) a Lender shall not be obliged to fund a Utilisation; and
- (iii) if a Lender so requires and notifies the Facility Agent within five Business Days of the Co-ordinator notifying the Facility Agent of the event, the Facility Agent shall, by not less than two Business Days' notice to the Co-ordinator, cancel the Commitment of that Lender and declare the participation of that Lender in all outstanding Advances, together with accrued interest, and all other amounts accrued under the Senior Finance Documents immediately due and payable, whereupon the Commitment of that Lender will be cancelled and all such outstanding amounts will become immediately due and payable.

11.4 **Opco Change of Control or Exceeding Borrowing Base**

(mmmmmmmm) If an Opco Change of Control occurs in respect of any Opco:

- (i) in the case of the Italian Opco, the Italian Opco shall immediately prepay all Advances drawn by it; and
- (ii) in the case of any other Opco, such Opco shall immediately prepay all advances made to it by Finco under any Finco On-Loan and Finco shall immediately prepay all Advances drawn by Finco to finance a Finco On-Loan advanced to such Opco.

(nnnnnnnn) If the aggregate outstanding amount of all Advances to:

- (i) the Italian Opco or any SPV Borrower exceeds the Borrowing Base of such Borrower, such Borrower will immediately prepay any Advances drawn by it (only to the extent that the aggregate outstanding amount of such Advances exceeds the Borrowing Base of such Borrower); and
- (ii) Finco which are drawn by Finco to finance a Finco On-Loan to an Opco exceeds the Borrowing Base of such Opco, (A) the relevant Opco shall immediately prepay all advances made to it by Finco under any Finco On-Loan and (B) Finco shall immediately prepay all Advances drawn by Finco to finance a Finco On-Loan advanced to such Opco, in each case to the extent that the aggregate outstanding amount of such advances exceeds the Borrowing Base of such Opco.

11.5 **Reduction of the Total Commitment**

(oooooooo) Upon any prepayment pursuant to Clause 11.3 (*Mandatory Prepayment in Full*):

- (i) if each Borrower SPV is or has been subject to such Clause, the Total Commitments (and the Commitments of each Lender under each Tranche) at such time shall each be cancelled in full; and

- (ii) in any other case, (A) the Total Commitments at such time shall be cancelled in an aggregate amount equal to the amount of such Total Commitments multiplied by a percentage equal to (x) the Borrower Vehicle Fleet NBV (as at the Calculation Date immediately preceding the Settlement Date immediately following the date of the relevant Permitted Take-Out Financing) of the Vehicles included in such Permitted Take-Out Financing divided by (y) the aggregate of the Borrower Vehicle Fleet NBV of all Ultimate Borrowers as at the same Calculation Date and (B) the Commitments of each Lender under each Tranche shall be cancelled in an amount equal to its Proportion of the amount of Total Commitments cancelled.

(pppppppp) Upon any prepayment pursuant to paragraph (a) of Clause 11.4 (*Opco Change of Control or Exceeding Borrowing Base*), (i) the Total Commitments at such time shall be cancelled in an aggregate amount equal to the amount of (x) the Borrower Vehicle Fleet NBV (as at the immediately preceding Calculation Date) of the relevant Obligor divided by (y) the aggregate of the Borrower Vehicle Fleet NBV of all Ultimate Borrowers as at the same Calculation Date, (ii) the Commitments of each Lender under each Tranche shall be cancelled in an amount in the relevant base currency equal to its Proportion of the amount of Total Commitments cancelled and (iii) such Obligor shall no longer be entitled to request Advances under the Facility.

11.6 **Prepayment Accounts**

(qqqqqqqq) The Facility Agent shall allow any amount credited to any Prepayment Account to be transferred out of such Prepayment Account to permit each Obligor to fulfil its obligations under paragraph (a) of Clause 18.15 (*Permitted Take-Out Financing*) upon presentation of evidence reasonably satisfactory to it that such amounts will be used for such purpose as soon as legally feasible following the date on which the funds were transferred out of such Prepayment Account.

(rrrrrrrr) Any amount credited to any Prepayment Account shall be freely transferable from such account starting on the first Business Day following the Settlement Date on which no sum due and payable by any Obligor pursuant to this Agreement remains outstanding.

11.7 **Notice of Cancellation or Prepayment**

Any notice of cancellation or prepayment given by the Co-ordinator pursuant to this Clause 11 shall be irrevocable, shall specify the date upon which such cancellation or prepayment is to be made and the amount of such cancellation or prepayment.

11.8 **Right of Replacement or Repayment and Cancellation in Relation to a Single Lender**

(ssssssss) If:

- (i) any sum payable to any Lender by an Obligor is required to be increased pursuant to Clause 12.1 (*Tax Gross-up*);
- (ii) any Lender claims indemnification from a Borrower under Clause 12.2 (*Tax Indemnity*) or Clause 13.1 (*Increased Costs*); or
- (iii) an Additional Costs Rate is required in respect of such Lender,

the Co-ordinator may, whilst such circumstance continues, give the Facility Agent notice of cancellation of the Commitment of such Lender and its intention to procure the repayment of that Lender's participation in the Advances or give the Facility Agent notice of its intention to replace that Lender in accordance with paragraph (d) below.

- (b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Term which ends after the Co-ordinator has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Co-ordinator in that notice), each Borrower to which an Advance is outstanding shall repay that Lender's participation in that Advance.
- (d) The Co-ordinator may, in the circumstances set out in paragraph (a) above, within 10 Business Days' prior notice to the Facility Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to Clause 30 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity selected by the Co-ordinator which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 30 (*Changes to the Lenders*) for a purchase price in cash or other cash payment payable at the time of the transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Advances and all accrued interest, Break Costs and other amounts payable in relation thereto under the Senior Finance Documents.
- (e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:
 - (i) the Co-ordinator shall have no right to replace the Facility Agent;
 - (ii) neither the Facility Agent nor any Lender shall have any obligation to find a replacement Lender; and
 - (iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Senior Finance Documents.

11.9 **No Other Repayments or Cancellation**

The Borrowers shall not repay or cancel all or any part of the Outstandings except at the times and in the manner expressly provided for in this Agreement.

11.10 **Other Restrictions**

- (f) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.
- (g) Unless a contrary indication appears in this Agreement, any part of the Facility which is prepaid or repaid may be reborrowed in accordance with the terms of this Agreement.

- (h) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (i) If the Facility Agent receives a notice under this Clause 11, it shall promptly forward a copy of that notice to either the Co-ordinator or the affected Lender, as appropriate.
- (j) If all or part of an Advance is repaid or prepaid and is not available for redrawing, an amount of the Commitments (equal to the Designated Currency Amount of the amount of the Advance which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this paragraph (e) shall reduce the Commitments of the Lenders rateably.

12. **TAXES**

12.1 **Tax Gross-up**

- (k) Each Obligor shall make all payments to be made by it under the Senior Finance Documents without any Tax Deduction, unless a Tax Deduction is required by Law.
- (l) Avis Europe shall ensure that the Co-ordinator or the relevant Obligor shall, promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction), notify the Facility Agent accordingly. Each Lender, upon becoming aware that it is not or has ceased to be a Qualifying Lender, shall promptly notify the Facility Agent accordingly and, upon receiving any such notification, the Facility Agent shall promptly notify the Co-ordinator and that Obligor of the same.
- (m) If a Tax Deduction is required by Law to be made by an Obligor (or, as the case may be, by the Facility Agent or the Security Agent) on any payment due to a Lender under the Senior Finance Documents, the amount of the payment due from that Obligor shall (subject to paragraphs (d), (e), (f) and (g) of this Clause 12 and except where expressly provided otherwise in the relevant Senior Finance Documents) be increased by an amount (the “**Additional Amount**”) which (after making the required Tax Deduction) leaves the Lender with an aggregate net payment equal to the full payment which would have been received by it if no such Tax Deduction had been required.
- (n) A UK Obligor will not be required to pay an Additional Amount in accordance with paragraph (c) above on account of Tax imposed by the United Kingdom if, on the date on which the payment falls due:
 - (i) the relevant Lender is a UK Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under paragraph (j)(i) below;
 - (ii) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a United Kingdom Qualifying Lender, but on that date that Lender is not or has ceased to be a United Kingdom Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration or application of) any law or double tax treaty or any published practice or published concession of any relevant taxing authority;

- (iii) the relevant Lender is a United Kingdom Qualifying Lender solely by virtue of paragraph (i)(B) of the definition of “United Kingdom Qualifying Lender” and:
 - A. an officer of HM Revenue & Customs has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Lender has received from the Obligor making the payment or from Avis Europe a certified copy of that Direction; and
 - B. the payment could have been made to the Lender without any Tax Deduction if that Direction had not been made; or
- (iv) the relevant Lender is a United Kingdom Qualifying Lender solely by virtue of paragraph (a)(ii) of the definition of “United Kingdom Qualifying Lender” and:
 - A. the relevant Lender has not given a Tax Confirmation to the relevant Obligor or Avis Europe; and
 - B. the payment could have been made to the Lender without any Tax Deduction if the Lender had given a Tax Confirmation to the relevant Obligor or Avis Europe, on the basis that the Tax Confirmation would have enabled the relevant Obligor to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA.
- (o) An Italian Obligor will not be required to make an increased payment in accordance with paragraph (c) above in respect of tax imposed by Italy in respect of any Advance under the Italian Tranche if:
 - (i) the relevant Lender is an Italian Treaty Lender and the Italian Obligor is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under paragraph (j) below; or
 - (ii) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been an Italian Qualifying Lender, but on that date that Lender is not or has ceased to be an Italian Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration or application of) any law or double tax treaty or any published practice or concession of any relevant taxing authority.
- (p) A Spanish Obligor shall not be required to pay an Additional Amount to a Lender under paragraph (c) above in respect of an Advance to a Borrower incorporated in Spain for a Tax Deduction in respect of tax imposed by Spain, if on the date on which the payment falls due:
 - (i) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Spanish Qualifying Lender, but on that date that Lender is not or has ceased to be a Spanish Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration or application of) any law or double tax treaty or any published practice or concession of any relevant taxing authority; or

- (ii) the relevant Lender is a Spanish Qualifying Lender and the Spanish Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without a Tax Deduction had that Lender complied with its obligations under paragraph (o) below;
- (q) A German Obligor will not be required to pay an Additional Amount in accordance with paragraph (c) above in respect of an Advance to a Borrower incorporated in Germany on account of Tax imposed by Germany if on the date on which the payment falls due:
 - (i) the payment could have been made to the relevant Lender without a Tax Deduction if it was a German Qualifying Lender, but on that date that Lender is not or has ceased to be a German Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration or application of) any law or Treaty or any published practice or concession of any relevant taxing authority; or
 - (ii) the relevant Lender is a German Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without a Tax Deduction had that Lender complied with its obligations under paragraph (j)(i) below.
- (r) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction to the relevant taxing authority within the time allowed and in the minimum amount required by Law.
- (s) Within 45 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction or other payment shall deliver to the Facility Agent for the Finance Party entitled to the payment certified copies of tax receipts evidencing such payment or, if the practice of the relevant taxing authority is not to supply such receipt, a statement under section 975 of the ITA or other evidence reasonably satisfactory to that Finance Party that the Tax Deduction or (as applicable) other payment has been made to the relevant tax authority.
- (t)
 - (i) Subject to paragraph (ii) below, a Treaty Lender (other than a Spanish Treaty Lender) and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction.
 - (ii) Nothing in paragraph (i) above shall require a UK Treaty Lender to:
 - (A) register under the HMRC DT Treaty Passport scheme;
 - (B) apply the HMRC DT Treaty Passport scheme to any Utilisation if it has so registered; or
 - (C) file Treaty forms if it has included an indication to the effect that it wishes the HMRC DT Treaty Passport scheme to apply to this Agreement in accordance with paragraph (l) below or paragraph (a) of Clause 12.5 (*HMRC DT Treaty Passport scheme confirmation*) and the Obligor making that payment has not complied with its obligations under paragraph (m) below or paragraph (b) of Clause 12.5 (*HMRC DT Treaty Passport scheme confirmation*).

- (u) A UK Non-Bank Lender shall promptly notify Avis Europe and the Facility Agent if there is any change in the position from that set out in the Tax Confirmation.
- (v) A UK Treaty Lender which becomes a Party on the day on which this Agreement is entered into that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall include an indication to that effect, for the benefit of the Facility Agent, and without liability to any Obligor, by including its scheme reference number and its jurisdiction of tax residence opposite its name in Schedule 1 (*Lenders and their Commitments*).
- (w) Where a Lender includes the indication described in paragraph (l) above in Schedule 1 (*Lenders and their Commitments*):
 - (i) Finco shall, to the extent that that Lender is a Lender under a Facility made available to Finco pursuant to Clause 2 (*The Facility*), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 working days of the date of this Agreement and shall promptly provide the Lender with a copy of that filing;
 - (ii) each Acceding Borrower incorporated in the United Kingdom shall, to the extent that that Lender is a Lender under a Facility made available to that Acceding Borrower pursuant to Clause 2 (*The Facility*), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 working days of becoming an Acceding Borrower and shall promptly provide the Lender with a copy of that filing.
- (x) If a Lender has not included an indication to the effect that it wishes the HMRC DT Treaty Passport scheme to apply to this Agreement in accordance with paragraph (l) above or paragraph (a) of Clause 12.5 (*HMRC DT Treaty Passport scheme confirmation*), no Obligor shall file any form relating to the HMRC DT Treaty Passport scheme in respect of that Lender's Commitment(s) or its participation in any Utilisation.
- (y) In relation to an Advance to a Borrower incorporated in Spain, on or before the first day upon which that Borrower is to make a payment of interest, the Lender shall provide the Borrower with a tax residence certificate duly issued by the tax authorities of its jurisdiction of residence certifying that the Lender is resident for tax purposes in such jurisdiction or, if a Spanish Treaty Lender, with a tax residence certificate certifying that the Lender is resident for tax purposes in such jurisdiction for the purposes of the applicable treaty, or with the corresponding form required under such treaty, if any. Each such Lender shall also deliver to the Spanish Borrower on a yearly basis a certificate of tax residence duly authorised by the competent tax authorities of its country of residence evidencing that such Lender is resident for tax purposes in that country for the purposes of the double tax treaty with Spain in the year when income is received.

12.2 **Tax Indemnity**

- (z) Subject to paragraph (b) of this Clause 12.2 and Clause 15.1 (*Mitigation*), Avis Europe shall (within 10 Business Days of demand by the Facility Agent) pay (or procure that the relevant Obligor pays) to a Protected Party an amount equal to the loss or liability which that Protected Party determines will be or has been suffered (directly or indirectly) for or on account of Tax by that Protected Party in respect of a Senior Finance Document.
- (aa) Paragraph (a) above shall not apply:
- (i) with respect to any Tax of a Protected Party which is Tax on Overall Net Income of that Protected Party;
 - (ii) with respect to any loss or liability which is compensated for by an increased payment under paragraph (c) of Clause 12.1 (*Tax Gross-up*) or would have been so compensated but was not so compensated because one of the exclusions in paragraph (d), (e), (f) or (g) of Clause 12.1 (*Tax Gross-up*) applied;
 - (iii) to the extent of any loss or liability which is attributable to the wilful breach or gross negligence of that Protected Party.
- (bb) A Protected Party making, or intending to make, a claim pursuant to paragraph (a) of this Clause 12.2 shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Co-ordinator.
- (cc) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.2, notify the Facility Agent.
- (dd) In this Clause 12.2:

For the purpose of paragraph (a), any question of whether or not any relief, allowance, deduction, credit or right to repayment of tax has been lost or set off in relation to any person, and if so, the date on which that loss or set-off took place, shall be determined in good faith by that person.

“**Tax on Overall Net Income**” means any tax assessed on a Protected Party under the laws of the jurisdiction in which:

- (a) that Protected Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Protected Party is treated as resident for tax purposes; or
- (b) that Protected Party’s Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if, in either such case, that tax is imposed or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Protected Party or that Protected Party’s Facility Office (as the case may be).

12.3 **Tax Credit**

(ee) If an Obligor makes a Tax Payment and the relevant Finance Party reasonably determines acting in good faith that:

- (i) a Tax Credit is attributable to that Tax Payment; and
- (ii) that Finance Party has obtained, utilised and retained that Tax Credit in whole or in part,

the Finance Party shall pay to the Obligor such amount which that Finance Party determines, in good faith, will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

(ff) No Finance Party shall be obliged to make any payment under this Clause 12.3 if, by doing so, it would contravene the terms of any applicable Law or any notice, direction or requirement of any governmental or regulatory authority.

(gg) No provision of this Clause 12 or any requirement of a Finance Party hereunder shall oblige any Finance Party to disclose any information regarding its business, tax affairs or tax computations (including its tax returns).

12.4 **Lender Status Confirmation**

Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate or Assignment Agreement which it executes on becoming a Party (for the benefit of the Facility Agent and without liability to any Obligor) (in each case, in relation to an Advance to a Borrower incorporated in each of the UK, Italy, Germany and Spain), which of the following categories it falls in:

- (hh) not a Qualifying Lender;
- (ii) a Qualifying Lender (other than a Treaty Lender); or
- (jj) a Treaty Lender.

If a New Lender fails to indicate its status in accordance with this Clause 12.4, then such New Lender shall be treated for the purposes of this Agreement (including by each Obligor incorporated in the Relevant Jurisdiction) as if it is not a Qualifying Lender in relation to an Advance to a Borrower incorporated in the Relevant Jurisdiction until such time as it notifies the Facility Agent which category applies (and the Facility Agent, upon receipt of such notification, shall inform Avis Europe). For the avoidance of doubt, a Transfer Certificate or Assignment Agreement shall not be invalidated by any failure of a Lender to comply with this Clause 12.4.

12.5 **HMRC DT Treaty Passport scheme confirmation**

(kk) A New Lender that is a UK Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall include an indication to that effect (for the benefit of the Facility Agent and without liability to any Obligor) in the Transfer Certificate or Assignment Agreement which it executes by including its scheme reference number and its jurisdiction of tax residence in that Transfer Certificate or Assignment Agreement.

(ll) Where a New Lender includes the indication described in paragraph (a) above in the relevant Transfer Certificate or Assignment Agreement:

- (i) Finco shall, to the extent that that New Lender becomes a Lender under a Facility which is made available to Finco pursuant to Clause 2 (*The Facility*), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 working days of that Transfer Date and shall promptly provide the Lender with a copy of that filing; and
- (ii) each Acceding Borrower incorporated in the United Kingdom which becomes an Acceding Borrower after the relevant Transfer Date shall, to the extent that that New Lender is a Lender under a Facility which is made available to that Acceding Borrower pursuant to Clause 2 (*The Facility*), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 working days of becoming an Acceding Borrower and shall promptly provide the Lender with a copy of that filing.

13. **INCREASED COSTS**

13.1 **Increased Costs**

Subject to Clause 13.3 (*Exceptions*), the relevant Borrower shall (and Avis Europe shall procure that each relevant Borrower that is a member of the Avis Europe Group shall), within 10 Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Cost incurred by that Finance Party or any of its Affiliates as a result of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation made after the date of this Agreement.

13.2 **Increased Costs Claims**

(mm) A Finance Party intending to make a claim pursuant to Clause 13.1 (*Increased Costs*) shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Co-ordinator.

(nn) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 **Exceptions**

Clause 13.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:

- (oo) attributable to a Tax Deduction required by law to be made by an Obligor;
- (pp) compensated for by Clause 12.2 (*Tax Indemnity*) (or would have been compensated for under Clause 12.2 (*Tax Indemnity*) but was not so compensated solely because any exclusions in paragraph (b) of Clause 12.2 (*Tax Indemnity*) applied);
- (qq) compensated for by the payment of the Mandatory Cost Rate;
- (rr) attributable to the wilful breach by the relevant Finance Party or any of its Affiliates of any law or regulation; or

(ss) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision (“**BCBS**”) in June 2004 in the form existing on the date of this Agreement (but excluding any amendment taking account of or incorporating any measure contained in any of (A) “Basel III: A global regulatory framework for more resilient banks and banking systems”, (B) “Basel III: international framework for liquidity risk measurement, standards and monitoring”, (C) “Guidance for national authorities operating the countercyclical capital buffer”, in the case of (A), (B) and (C) published by the BCBS on 16 December 2010 each as amended, supplemented or restated or (D) any further papers, guidance or standards in relation to the “Basel 3 framework” published or to be published by the BCBS ((A)-(D) being “**Basel III**”) (“**Basel II**”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

13.4 **Other Indemnities**

The relevant Borrower shall (and Avis Europe shall procure that each relevant Borrower that is a member of the Avis Europe Group shall), within 10 Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

(tt) the occurrence of any Event of Default;

(uu) a failure by an Obligor to pay any amount due under a Senior Finance Document on its due date, including, without limitation, any cost, loss or liability arising as a result of Clause 28 (*Sharing among the Finance Parties*);

(vv) funding, or making arrangements to fund, its participation in an Advance requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or

(ww) an Advance (or part of an Advance) not being prepaid in accordance with a notice of prepayment given by a Borrower or the Co-ordinator.

13.5 **Indemnity to the Facility Agent and the Security Agent**

The relevant Borrower shall (and Avis Europe shall procure that each relevant Borrower that is a member of the Avis Europe Group shall) indemnify the Facility Agent and the Security Agent against any cost, loss or liability incurred by the Facility Agent or the Security Agent (each acting reasonably) as a result of:

(xx) investigating any event which it reasonably believes is a Default; or

(yy) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

14. **ILLEGALITY**

If at any time it becomes unlawful in any relevant jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Advance:

(zz) that Lender shall promptly notify the Facility Agent upon becoming aware of that event; and

(aaa) upon the Facility Agent notifying the Co-ordinator, the Available Commitments of that Lender will immediately be cancelled and its Commitments reduced to zero and such Lender shall not thereafter be obliged to participate in any Advance,

and each Borrower shall repay that Lender's participation in the Advances made to that Borrower on the last day of the current Term for each Advance occurring after the Facility Agent has notified the Co-ordinator or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law).

15. **MITIGATION**

15.1 **Mitigation**

(bbb) Each Finance Party shall, if requested by and in consultation with the Co-ordinator, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under, or pursuant to, or cancelled pursuant to, any of Clause 12 (*Taxes*), Clause 13 (*Increased Costs*) or Clause 14 (*Illegality*) or Schedule 2 (*Mandatory Cost Formulae*) including (but not limited to) transferring its rights and obligations under the Senior Finance Documents to another Affiliate or Facility Office.

(ccc) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Senior Finance Documents.

15.2 **Limitation of Liability**

(ddd) Avis Europe shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 15.1 (*Mitigation*).

(eee) A Finance Party is not obliged to take any steps under Clause 15.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it. If reasonably requested by the Co-ordinator, a Finance Party shall give details in writing as to its opinion (subject to any applicable Law or confidentiality obligation).

16. **REPRESENTATIONS**

(fff) Subject to paragraph (b) below, (i) each of the Original Obligors makes the representations and warranties set out in this Clause 16 to each Finance Party on the date of this Agreement and (ii) each Obligor other than the Original Obligors makes the representations and warranties set out in this Clause 16 to each Finance Party on the date of its accession as an Obligor hereto and in each case thereafter in accordance with Clause 16.26 (*Repetition*).

(ggg) Notwithstanding paragraph (a) above, the following representations and warranties shall not be made by the Parent and shall not apply to the Parent:

- (i) Clause 16.10 (*No Material Proceedings*);
- (ii) Clause 16.13 (*Asset Reports*);
- (iii) Clause 16.14 (*Indebtedness, Encumbrances and Loans*); and
- (iv) Clauses 16.16 (*Structure*) to Clause 16.25 (*Centre of Main Interests*) inclusive.

16.1 **Status, Power and Authority**

(hhh) It is a limited liability company, corporation or partnership, as the case may be, duly organised and validly existing under the laws of its jurisdiction of incorporation.

(iii) It is duly qualified and is authorised to do business and, in jurisdictions having a concept of good standing, is in good standing in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such qualifications.

(jjj) It has the power and capacity to own its assets and carry on its business as it is being conducted.

(kkk) It has the power and capacity to enter into, deliver and perform, and has taken all necessary action (including, where required under applicable law, consulting with, or obtaining the approval of, works councils or similar bodies) to authorise its entry into, performance and delivery of, the Transaction Documents to which it is or will be a party and the transactions contemplated by those Transaction Documents.

16.2 **Claims *Pari Passu***

Its payment obligations under the Senior Finance Documents to which it is party rank and will rank at least *pari passu* with the claims of all its unsecured and unsubordinated creditors except for obligations mandatorily preferred by law applying to companies generally and subject to the provisions of the Subordination Agreement.

16.3 **Governing Law and Judgments**

In any legal proceedings taken in its Relevant Jurisdiction in relation to any of the Transaction Documents to which it is a party, the choice of law expressed in such documents to be the governing law of it and any judgment obtained in such jurisdiction will be recognised and enforced in accordance with the terms thereof, subject to the Reservations.

16.4 **Compliance with Applicable Laws**

Subject to the provisions of Clause 18.8 (*Environmental Matters*), it is in compliance with all applicable laws, regulations and directives to which it is subject, except where the failure to do so would not have a Material Adverse Effect.

16.5 **All Actions Taken**

All acts, conditions and things required to be done, fulfilled and performed in order:

(lll) to enable it to lawfully enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in the Transaction Documents to which it is a party; and

(mmm) where applicable, to make the Transaction Documents to which it is party admissible in evidence in its Relevant Jurisdiction other than those filings which are necessary to perfect the Encumbrances created pursuant to the Security Documents,

have (in the case of paragraph (b) above, subject to the Reservations) been done, fulfilled and performed and are in full force and effect.

16.6 **No Filing or Stamp Taxes**

Under the laws of its Relevant Jurisdictions and subject to the Reservations, it is not necessary that any of the Transaction Documents to which it is a party be filed, recorded or enrolled with any court or other authority in such jurisdiction or that any stamp, registration or similar tax be paid on or in relation to any of them other than those filings which are necessary to perfect the Encumbrances created pursuant to, or in relation to, the Senior Finance Documents.

16.7 **Binding Obligations**

The obligations expressed to be assumed by it in the Transaction Documents to which it is a party, are legal, valid and binding and, subject to the Reservations, enforceable against it in accordance with the terms thereof.

16.8 **No Winding-up – No Insolvency Proceedings**

(nnn) Other than with respect to the Parent, it has not taken any corporate action, nor have any other legal steps been taken by it or any third party or legal proceedings been started or (to the best of its knowledge and belief) threatened against it, for (i) its winding-up, dissolution, administration or other similar proceedings (other than any proceeding expressly permitted by this Agreement or approved by the Majority Lenders) or (ii) a suspension of payment or moratorium of any of its indebtedness with all of its creditors generally or (iii) the appointment of a receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any or all of its assets or revenues.

(ooo) With respect to the Parent, it has not taken any corporate action, nor have any other legal steps been taken by it or (to the best of its knowledge and belief) any third party or legal proceedings been started, for (i) its winding-up, dissolution, administration or other similar proceedings with respect to its debt (other than any proceeding expressly permitted by this Agreement or approved by the Majority Lenders) or (ii) a suspension of payment or moratorium of all or substantially all of its indebtedness with all of its creditors generally or (iii) the appointment of a receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of all or substantially all of its assets.

(ppp) With respect to an Obligor incorporated in Germany, neither:

- (i) a petition for insolvency proceedings in respect of its assets (*Eröffnungsantrag*) has been filed or any event has occurred which constitutes a cause for the initiation of insolvency proceedings (*Eröffnungsantrag*) as set out in sections 17 et seq. of the German Insolvency Code (*Insolvenzordnung*); nor
- (ii) has any action been taken pursuant to section 21 of the German Insolvency Code (*Insolvenzordnung*) by a competent court.

(qqq) With respect to an Obligor incorporated in Italy, neither bankruptcy proceedings (*fallimento*) nor other insolvency proceedings (*procedura concorsuale*) provided under Italian Royal Decree 16 March 1942, No. 267, including any arrangement with creditors prior to bankruptcy (*accordo di ristrutturazione di debiti and/or piano di risanamento attestato and/or concordato preventivo and/or transazione fiscale*) have been filed or initiated.

16.9 No Default

(rrr) No Default is continuing or is reasonably likely to result from the making of a Utilisation, or the entering into, the performance of, or any transaction contemplated by any Transaction Document, the SPV Operating Documents or the grant of the Security Documents.

(sss) No other event or circumstance is outstanding or has occurred which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any of the foregoing, would constitute) a default (howsoever described) under any agreement or instrument which is binding on it or to which its assets are subject which has a Material Adverse Effect.

16.10 No Material Proceedings

No litigation, arbitration, regulatory or administrative proceeding of or before any court, arbitral body, or agency which is reasonably likely to be adversely determined and if so, would have a Material Adverse Effect:

(ttt) has been started or is pending against it; or

(uuu) has been threatened in writing against it.

16.11 Original Financial Statements

(vvv)

(i) The Original Financial Statements with respect to the Avis Europe Group were (in the case of the Parent, to the best of its knowledge and belief) prepared in accordance with IFRS, consistently applied, and present a true and fair view of the financial position of the companies to which they relate at the date as of which they were delivered to the Facility Agent; and

(ii) to the best of its knowledge the factual information (excluding, for the avoidance of doubt, any matters of opinion) contained in the Original Financial Statements with respect to the Avis Europe Group was, at the date of delivery to the Mandated Lead Arranger, true, accurate and complete in all material respects and not misleading in any material respect.

(www) Its most recent financial statements (or, in the case of German Opco, those of AVIS Automervietung Beteiligungsgesellschaft mbH Oberursel) delivered pursuant to Clause 17.1 (*Financial Statements*) were prepared in accordance with the Applicable Accounting Principles, consistently applied, and present a true and fair view of the financial position of the companies to which they relate (consolidated in the case of Avis Europe) at the date as of which they were delivered to the Facility Agent.

(xxx) As at the date as of which its Original Financial Statements were prepared, neither it nor, as the case may be (in the case of the Parent, to the best of its knowledge and belief), any other Obligor had any liabilities, including off balance sheet commitments (required to be disclosed or reserved pursuant to IFRS (contingent or otherwise)), which were not disclosed thereby (or by the notes thereto) or reserved against therein and, to the best of its knowledge, the Avis Europe Group had no unrealised or anticipated losses arising from commitments entered into by it which were not so disclosed or reserved against.

16.12 No Material Adverse Effect

Since the publication of its Original Financial Statements, no event or series of events has occurred, in each case which has a Material Adverse Effect (in the case of the Parent, to the best of its knowledge and belief).

16.13 Asset Reports

Each Asset Report delivered to the Facility Agent is true, accurate and complete in all material respects as at its respective date.

16.14 Indebtedness, Encumbrances and Loans

(yyy) Save as permitted under Clause 19.3 (*Loans and Financial Indebtedness*) and Clause 19.5 (*Guarantees*), no Obligor other than the Parent has (i) incurred any Financial Indebtedness or (ii) given or incurred any guarantee or off-balance sheet liabilities.

(zzz) Save as permitted under Clause 19.1 (*Negative Pledge*), no Encumbrance exists over all or any of the present or future revenues or assets of any Obligor other than the Parent.

(aaaa) Save as permitted under Clause 19.3 (*Loans and Financial Indebtedness*), no Obligor other than the Parent is the creditor in respect of any Financial Indebtedness.

16.15 No Conflict

Its execution of the Transaction Documents to which it is a party and its exercise of its rights and performance of its obligations thereunder do not and will not:

(bbbb) conflict in any material respect with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under any agreement, mortgage, bond or other instrument or treaty which is binding upon it or any of its assets; or

(cccc) conflict with or violate any provision of its constitutional documents, certificate of incorporation, by-laws or partnership agreement (or equivalent constitutional documents), as the case may be; or

(dddd) conflict with any material applicable Law to the extent that such conflict has a Material Adverse Effect.

16.16 **Structure**

(eeee) The Group Structure Chart is in all material respects an accurate representation of the structure of the Parent and the Avis Europe Group as at the date of this Agreement (including a true and accurate list of all the Subsidiaries of Avis Europe).

(ffff) With the exception of the SPVs and the Parent, each Obligor is a Subsidiary whose share capital is held directly or indirectly by the Parent in an amount of at least 100 per cent. of issued share capital.

(gggg) No Obligor other than the Parent owns any capital stock, participation or interest in any person in respect of which such Obligor's liability is not limited to the amount contributed by such Obligor in accordance with such capital stock, participation or interest other than any such capital stock, participation or interest held by an Obligor in an Obligor.

16.17 **Environmental Matters**

(hhhh) It is in compliance with all material Environmental Laws applicable to it where non-compliance would have a Material Adverse Effect and there are to its knowledge no circumstances that would be reasonably likely to prevent or materially interfere with such compliance in the future.

(iiii) It has obtained all material Environmental Licences required or desirable in connection with its business, assets and properties where failure to obtain such material Environmental Licences would have a Material Adverse Effect and there are to its knowledge no circumstances that would be reasonably likely to prevent or materially interfere with such compliance in the future.

(jjjj) It has complied in all material respects with the terms of all such Environmental Licences where non-compliance would have a Material Adverse Effect and there are to its knowledge no circumstances that would be reasonably likely to prevent or materially interfere with such compliance in the future.

(kkkk) No Environmental Claim has been commenced or (to the best of its knowledge (having made due and careful enquiry)) is threatened against it where that claim has or is reasonably likely, if determined against it, to have a Material Adverse Effect.

16.18 **Intellectual Property**

(llll) The Intellectual Property Rights owned by or licensed to it are all the material Intellectual Property Rights required in order to carry out, maintain and operate its business.

(mmmm) To the best of its knowledge, it has taken all formal and procedural actions (including payment of all fees) required to maintain any registered Intellectual Property Rights owned by it, which are required by it in order for it to carry on its business in all material respects in full force and effect.

16.19 **Ownership of Assets**

(nnnn) Save to the extent disposed of without breaching the terms of any of the Senior Finance Documents, it has good title to or valid leases or licences of or is otherwise entitled to use all material assets necessary to conduct the Group Business taken as a whole as it is conducted from time to time.

(oooo) Each Obligor owns, directly or indirectly, the percentage of the shares of the Opcos shown to be owned directly or indirectly by it in the Group Structure Chart and the Eligible Receivables.

16.20 **Payment of Taxes**

It:

(pppp) is not overdue in the payment of any material amount in respect of Tax;

(qqqq) is not overdue in the filing of any material tax returns or other material notices or documents required to be filed with the competent Tax authorities; and

(rrrr) has no material claims being asserted, and to the best of its knowledge there are no potential material claims that are reasonably likely to be asserted, against it with respect to taxes which have been or are reasonably likely to be adversely determined,

save to the extent it (or the Co-ordinator) can demonstrate to the reasonable satisfaction of the Facility Agent that the same are being contested in good faith and adequate reserves have been made on the basis of appropriate professional advice.

16.21 **Pension Plans**

(ssss) Save where failure to do so would not have a Material Adverse Effect, any pension plan operated by it for the benefit of any member of the Avis Europe Group or the group comprising the Parent and its Subsidiaries and/or any of their respective employees is funded in accordance with applicable laws.

(tttt) Save where failure to do so would not have a Material Adverse Effect, it is in compliance with all applicable laws and contracts relating to any pension plan operated by it or in which it participates.

16.22 **Encumbrances**

(uuuu) It is or will be, when granting the relevant Encumbrances, the legal and beneficial owner of all assets and other property which it purports to charge, mortgage, pledge, assign or otherwise secure pursuant to each Security Document and those Security Documents to which it is a party create and give rise to valid and effective Encumbrances having the ranking expressed in those Security Documents, subject to the Reservations.

(vvvv) Each security interest which is expressed to be created pursuant to the Security Documents to which it is a party does or, when entered into, will create legal, valid and binding obligations of each grantor of such security interest enforceable in accordance with their terms, subject to the Reservations.

16.23 **Insurance**

It is insured for the purposes of its business with reputable underwriters or insurance companies or is under a self-insurance mechanism (acceptable to the Facility Agent acting reasonably) against such risks and to such extent as is usual for companies carrying on such a business and no event is continuing which would entitle any insurer to reduce its liability under such insurance policies, except to the extent that such reduction would not have a Material Adverse Effect.

16.24 **Labour Relations**

No labour disputes are current or, to the best of its knowledge, threatened against it which are reasonably likely to be adversely determined and, if so determined, would have a Material Adverse Effect.

16.25 **Centre of Main Interests**

Its Centre of Main Interests is located in its jurisdiction of incorporation.

16.26 **Repetition**

Subject to Clause 16(b), each Repeating Representation is deemed to be made by each applicable Obligor making such Repeating Representation on the date of this Agreement in relation to itself and by Avis Europe in relation to itself and the other Obligors that are members of the Avis Europe Group, by reference to the facts and circumstances then existing on:

(www) each date of a Utilisation Request and on the first day of each Term; and

(xxx) in the case of any Acceding Borrower, on the day the same becomes (or if earlier, is required to have become) an Acceding Borrower.

17. **FINANCIAL INFORMATION**

17.1 **Financial Statements**

Avis Europe shall procure that the Co-ordinator shall provide to the Facility Agent (with one hard copy and an electronic copy):

(yyy)

- (i) as soon as available, but in any event within 120 days after the end of each fiscal year of the Parent, a copy of the audited consolidated balance sheet of the Parent and its consolidated subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a “going concern” or like qualification or exception, or qualification arising out of the scope of the audit, by Deloitte & Touche LLP or other independent certified public accountants of nationally recognised standing; and

- (ii) as soon as the same become available, but in any event within 150 days after the end of each of Avis Europe and each other relevant Obligor's financial years, the audited statutory accounts of each of Avis Europe and each Obligor (other than the Parent and German Opco) for such financial year prepared for inclusion in the ABG Group consolidated accounts; and
- (iii) as soon as the same become available, but in any event within 150 days after the end of each of its financial years, the audited consolidated financial statements of AVIS Automervietung Beteiligungsgesellschaft mbH Oberursel which financial statements shall include substantially the same items of financial information relating to German Opco as that contained in the Original Financial Statements in relation to German Opco delivered in accordance with Clause 16.11 (*Original Financial Statements*),

in each case audited by an internationally recognised firm of independent auditors licensed to practice in its jurisdiction of incorporation and accompanied by the related auditor's report; and

(zzzz) as soon as available, but in any event not later than 60 days after the end of each of the first three quarterly periods of each fiscal year of the Parent, the unaudited consolidated balance sheet of the Parent and its consolidated subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by an officer of Parent as being fairly stated in all material respects (subject to normal year-end audit adjustments).

17.2 **Budget**

Avis Europe shall procure that the Co-ordinator shall as soon as reasonably practicable, and in any event not later than 45 days after the beginning of each financial year of the Avis Europe Group (commencing with the financial year ending on 31 December 2011), deliver to the Facility Agent (with one hard copy and an electronic copy) the annual operating Budget, including profit and loss account, balance sheet and cashflow statement.

17.3 **Reports**

The Co-ordinator shall on each Reporting Date provide to the Facility Agent (with a copy to the Security Agent) the relevant Asset Report for the Borrowers providing the information required therein as at the immediately preceding Calculation Date, accompanied by (i) a copy of any VAT refund request filed with the relevant tax authorities since the previous Reporting Date (or, in the case of the first Reporting Date, since the date of this Agreement), (ii) the address of each of the debtors, the receivables against which have been assigned pursuant to the Receivables Charges referred to in (iii) below and (iii) if and to the extent necessary, an original copy of such other relevant document(s) required (if any) by the Receivables

Charges, in respect of the Eligible Receivables of such Borrowers, it being agreed that in accordance with applicable laws and the terms of the relevant Receivables Charge, any required identification or specification of the receivables and Eligible Receivables which are the subject of the Receivables Charge (as well as any ancillary documents pertaining thereto) may be made by way of any appropriate computerised data processing or storage systems as described in the Receivables Charge and, if such delivery is made, no Borrower shall be required to draw up any paper-based list of those receivables in connection with the delivery of any Asset Report.

17.4 **Other Information**

- (aaaa) Avis Europe shall procure that the Co-ordinator and each of the Obligors (in respect of information related to it) shall from time to time, on the written request of the Facility Agent, provide the Facility Agent with such information about the Group Business, the financial condition of the Avis Europe Group and the SPVs or any Obligor and any other financial information, in each case as the Facility Agent may reasonably request.
- (bbbb) If requested to do so by the Facility Agent, the Co-ordinator shall hold a meeting with the Lenders (to whom reasonable notice of such meeting has been given by the Co-ordinator and who then choose to attend such meeting) to review the performance and financial condition of the Obligors and to discuss the financial information delivered regarding the Obligors. The Facility Agent can only require one such meeting pursuant to this Clause 17.4 in each financial year.
- (cccc) The Co-ordinator shall, on each Reporting Date falling in March, June, September and December of each year, notify in writing to the Facility Agent:
- (i) the aggregate Financial Indebtedness incurred in respect of Permitted Avis Europe/Finco Financial Indebtedness since the last Reporting Date (or, in relation to the first Reporting Date, the aggregate Financial Indebtedness in respect of Permitted Avis Europe/Finco Financial Indebtedness); and
 - (ii) any uncommitted and unsecured overdraft facilities referred to in paragraph (c) of the definition of "Permitted Opco Financial Indebtedness" in Clause 19.3 (*Loans and Financial Indebtedness*).

17.5 **Compliance Certificates**

Avis Europe shall ensure that each set of financial statements delivered pursuant to paragraphs (a) and (b) of Clause 17.1 (*Financial Statements*) is accompanied by a Compliance Certificate signed by two directors on behalf of the Co-ordinator confirming to its best knowledge and belief (having made due and careful enquiry) the absence of any Default as at the end of such financial year or financial quarter to which such financial statements relate or, if there is an outstanding Default, providing details of the same and of any actual and proposed remedial action.

17.6 **Change in Accounting Practices**

Each of the Obligors (other than the Parent) shall ensure that each set of financial statements delivered to the Facility Agent pursuant to this Clause 17 is prepared using Applicable Accounting Principles (save as required by law) unless, in relation to any such set of financial statements:

- (dddd) Avis Europe promptly notifies the Facility Agent that there have been one or more changes in any such accounting policies, practices, procedures or reference period;
- (eeee) if amendments satisfactory to Avis Europe are agreed by the Facility Agent (acting on the instructions of the Majority Lenders) within 30 days of the notification provided under paragraph (a) above, those amendments shall take effect immediately upon the Majority Lenders approving such amendments; and
- (ffff) if amendments satisfactory to Avis Europe are not agreed by the Facility Agent (acting on the instructions of the Majority Lenders) within 30 days of such notification, then within 15 days following the end of such 30-day period, the Co-ordinator shall either:
 - (i) use best endeavours to procure that its auditors for the time being provide a description of the changes and the adjustments which would be required to be made to those financial statements in order to cause them to reflect the accounting policies, practices, procedures and reference period upon which the Original Financial Statements for Avis Europe were prepared and sufficient information, in such detail and format as may be reasonably required by the Facility Agent, to enable the Lenders to make an accurate comparison between the financial positions indicated by those financial statements and by the Original Financial Statements for Avis Europe, and any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements for Avis Europe were prepared, provided that, if such a description is not provided by the auditors, the Co-ordinator will describe and quantify the effect to the reasonable satisfaction of the Facility Agent (acting on the instructions of the Majority Lenders) or the Co-ordinator must comply with paragraph (ii) below; or
 - (ii) ensure that the relevant financial statements are prepared in accordance with the Applicable Accounting Principles as at the date of signing of this Agreement.

17.7 **Notifications**

Avis Europe shall procure that there shall be furnished to the Facility Agent (with one hard copy and an electronic copy) to the extent permitted by law:

- (ggggg) as soon as the same are instituted or, to its knowledge, threatened, reasonable details of any litigation, arbitration, administrative or regulatory proceedings involving any Obligor which, if adversely determined, would be reasonably likely to have a Material Adverse Effect (where, for the purposes of this paragraph (a) only, references to the Obligors in the definition of "Material Adverse Effect" shall be deemed to be references to the ABG Group);

(hhhhh) written details of any Default promptly upon becoming aware of the same, and of all remedial steps being taken and proposed to be taken in respect of that Default;

(iiii) upon receipt of a written request by the Facility Agent, a certificate signed by a director or its chief financial officer on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy the same).

17.8 Access to Records

(jjjjj) Upon reasonable justification, each Obligor shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall), at reasonable times during normal business hours, without disrupting the operations of the Obligor, and on reasonable prior notice subject only to the provision of any Confidentiality Undertaking required by such Obligor (acting reasonably), afford the Facility Agent or any Finance Party, any professional adviser to the Facility Agent or such Finance Party, or representative of the Facility Agent or such Finance Party (an **“Inspecting Party”**) access to, and permit such Inspecting Party to inspect or observe, such part of its business or the Group Business as is owned or operated by such Obligor, but without causing such Obligor or Avis Europe Group member to breach any obligation of confidentiality to which it may be subject.

(kkkkk) The right of access afforded under paragraph (a) above may not be exercised more than once in any one year, unless a Default has occurred and is continuing.

17.9 “Know Your Customer” Checks

(lllll) If:

- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
- (ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or
- (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Facility Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall, promptly upon the written request of the Facility Agent or any Lender, supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Facility Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied with the results of all necessary “know your customer” or other checks in relation to any relevant person pursuant to the transactions contemplated in the Senior Finance Documents.

(mmmmm) Each Lender shall, promptly upon the written request of the Facility Agent, supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent (for itself) in order for the Facility Agent to carry out and be satisfied with the results of all necessary “know your customer” or other checks on Lenders or prospective new Lenders pursuant to the transactions contemplated in the Senior Finance Documents.

18. **POSITIVE UNDERTAKINGS**

18.1 **Necessary Authorisations**

Each Obligor other than the Parent shall obtain, comply with and do all that is necessary to maintain in full force and effect in all material respects the Necessary Authorisations required for the entering into and the performance of its obligations under the Transaction Documents.

18.2 **Compliance with Applicable Laws**

Subject to the provisions of Clause 16.17 (*Environmental Matters*), each Obligor other than the Parent will (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall) comply with all applicable laws, regulations and directives to which it may be subject to the extent that failure to comply would have a Material Adverse Effect.

18.3 **Insurance**

(nnnnn) Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group will) effect and maintain insurance at their own expense in relation to all insurable assets and risks with reputable underwriters or insurance companies or under a self-insurance mechanism (acceptable to the Facility Agent acting reasonably) against such risks and to such extent as is usual and appropriate for companies carrying on a business of the same size and the same nature as that carried on by such Obligor and shall prevent any material policies of insurance becoming void or voidable.

(ooooo) Avis Europe shall or shall ensure that the Co-ordinator shall (i) (if so reasonably requested by the Facility Agent) supply the Facility Agent with copies of all such insurance policies or certificates of insurance in respect thereof or (in the absence of the same) such other evidence of the existence of such policies as may be reasonably acceptable to the Facility Agent and (ii) promptly notify the Facility Agent of any claim against an Obligor other than the Parent which is for or reasonably likely to result in a claim which would have a Material Adverse Effect.

18.4 **Intellectual Property**

Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall):

(ppppp) take all necessary action to safeguard and maintain its rights, present and future, in or relating to any of the present or future Intellectual Property Rights material to the conduct of its business (the “**Material Intellectual Property Rights**”) owned, used or exploited by it to the extent that failure to do so would have a Material Adverse Effect (in each case including, without limitation, paying all applicable renewal fees, licence fees and other outgoings and complying with all applicable laws and regulations related thereto);

(qqqqq) not enter into any licence or other agreement or arrangement in respect of Material Intellectual Property Rights other than in the ordinary course of business on normal arm’s length commercial terms and comply with all licences to it of any Material Intellectual Property Rights to the extent that failure to comply with the foregoing would have a Material Adverse Effect; and

(rrrrr) ensure that it legally and beneficially owns or has all necessary consents to use all the Material Intellectual Property Rights where failure to do so would have a Material Adverse Effect.

18.5 **Ranking of Claims**

Each Obligor other than the Parent shall (subject to the Reservations) ensure that at all times the claims of the Finance Parties against it rank at least *pari passu* with the claims of all its unsecured creditors save those whose claims are preferred by law and subject to the provisions of the Subordination Agreement.

18.6 **Pay Taxes and Social Security Contributions**

Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall), file all material tax and social security returns on time and pay and discharge all material social security contributions (or any equivalent contribution in any jurisdiction), taxes and governmental charges payable by or assessed upon it on or prior to the date on which the same become overdue (and without causing any Encumbrance to be created (taking into account any applicable grace period)), so that no claims are asserted, save to the extent that the same are being contested in good faith and adequate reserves have been provided.

18.7 **Pension Plans**

Avis Europe shall ensure that all pension plans maintained by or for the benefit of any member of the Avis Europe Group and/or any of its employees:

(sssss) comply in all material respects in accordance with all applicable laws and contracts applying to such pension plans from time to time; and

(ttttt) are funded in accordance with all laws applicable thereto,

in each case where failure to so maintain, comply or fund would have a Material Adverse Effect.

18.8 Environmental Matters

(uuuuu) Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall):

- (i) comply with all Environmental Laws to which it may be subject;
- (ii) obtain all Environmental Licences required in connection with the business it carries; and
- (iii) comply with the terms of all such Environmental Licences,

in each case where failure to do so would have a Material Adverse Effect.

(vvvvv) Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group will), promptly upon becoming aware of the same, inform the Facility Agent in writing of:

- (i) any Environmental Claim against any Obligor which is current, pending or threatened; and
- (ii) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any Obligor,

where the claim, if determined against that Obligor, would have a Material Adverse Effect.

18.9 Further Assurance

Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall comply with its obligations under the Security Documents to which it is a party.

18.10 Authorisation of Transaction Documents

Each Obligor other than the Parent shall obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisation required under any applicable law or regulation:

(wwwww) to enable it to perform its material obligations under the Transaction Documents; and

(xxxxx) to ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document subject to the provisions of Clause 20.3 (*Invalidity, Repudiation, Unenforceability or Unlawfulness of the Transaction Documents*) with respect to the ability of any Obligor to replace any Security Document ceasing to be valid, lawful or enforceable.

18.11 Centre of Main Interests

No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group will), without the prior written consent of the Majority Lenders, cause or allow its Centre of Main Interests to change should such a change reasonably be expected to be materially prejudicial to the interests of the Finance Parties.

18.12 **SPV Operating Documents**

Each Obligor (other than the Parent) which is party to an SPV Operating Document shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group and is party to an SPV Operating Document shall) timely perform its material obligations under each SPV Operating Document.

18.13 **VAT Group**

No Obligor other than the Parent may be a member of a Value Added Tax Group except Obligors that are members of the Avis Europe Group with other members of the Avis Europe Group.

18.14 **SPVs**

(yyyyy) Avis Europe shall use (and the Parent shall procure that Avis Europe shall use) all reasonable efforts (save to the extent the same would produce (A) any violation of applicable law, (B) liability of any of the officers, directors, shareholders of such member or any of its holding companies or subsidiaries, (C) violation of the provisions of any Joint Venture governing or binding on such person or its subsidiaries or holding companies or (D) material adverse effects on the tax position (including, without limitation, the imposition of any material withholding tax or the loss of any material tax deduction) of the worldwide Avis group, including the Avis Europe Group) to:

- (i) within nine months of the date of this Agreement, establish or cause to be established an SPV in each Core Country; and
- (ii) ensure that each SPV becomes an Eligible SPV as soon as reasonably practicable after the date of this Agreement.

(zzzzz) Each SPV shall (and Avis Europe shall procure that each SPV shall) take all necessary measures to ensure that it benefits directly from all Vehicle Dealer Purchase Agreements, Vehicle Dealer Buy-Back Agreements, Vehicle Manufacturer Purchase Agreements, Vehicle Manufacturer Buy-Back Agreements and/or insurance policies relating to such Vehicle Dealer Buy-Back Agreements, Vehicle Manufacturer Buy-Back Agreements, and all Vehicle Manufacturer Guarantees (if any), in each case, with respect to the Vehicle Fleet of such SPV and to the extent available on commercially reasonable terms, such measures to include, without limitation, renegotiating, amending or otherwise obtaining all necessary consents under such Vehicle Dealer Purchase Agreements, Vehicle Dealer Buy-Back Agreements, Vehicle Manufacturer Purchase Agreements, Vehicle Manufacturer Buy-Back Agreements, insurance policies, Vehicle Manufacturer Guarantees and other agreements, as the Mandated Lead Arranger may reasonably require in connection with the Permitted Take-Out Financing.

(aaaaa) Avis Europe shall procure that, as soon as reasonably possible following the date on which an SPV benefits from any Vehicle Manufacturer Purchase Agreement, Vehicle Dealer Purchase Agreement, Vehicle Manufacturer Buy-Back Agreement or Vehicle Dealer Buy-Back Agreement, Avis Europe shall ensure that the Facility Agent is notified thereof.

(bbbbbb) As soon as reasonably possible following the date on which each SPV becomes an Eligible SPV (i) Avis Europe shall procure that the Facility Agent shall be notified thereof and (ii) each Eligible SPV will accede to this Agreement as a Borrower SPV pursuant to Clause 21 (*Acceding Borrowers*).

(ccccc) From each Transition Date relating to an SPV and its Related Opco, and, at the latest, by the Settlement Date falling in December 2012 (i) each Related Opco shall cease to have the right to request Advances pursuant to the Facility other than (A) Rollover Advances and (B) Advances towards financing a portion of the purchase price of such Related Opco's New Vehicles together with any cost, expenses and VAT Receivables related to the acquisition of such New Vehicles purchased pursuant to a Vehicle Manufacturer Purchase Agreement, Vehicle Dealer Purchase Agreement, Vehicle Manufacturer Buy-Back Agreement or Vehicle Dealer Buy-Back Agreement in respect of which no notification provided in paragraph (b), (c) or (d) above has been sent to the Facility Agent, and (ii) no additions to the applicable Borrower Asset Value (other than in relation to Eligible Vehicles owned by such Related Opco on or before such Transition Date and Vehicles partially financed with the proceeds of Advances referred to in (B) above) shall be taken into account for the purpose of determining such Related Opco's Borrower Asset Value.

18.15 **Permitted Take-Out Financing**

(dddddd) Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall) use its best efforts to undertake and complete the Permitted Take-Out Financing for the purpose of refinancing the Facility to the extent required by and in accordance with the provisions of the Engagement Letter (including, without limitation, the timing set out therein), provided that no Obligor shall be required to undertake and complete the Permitted Take-Out Financing if Avis Europe considers (in its opinion) that, taking account of the prevailing market circumstances and any costs and expenses (including tax-related costs and expenses which may be incurred), it is not commercially reasonable to do so.

(eeeeee) Avis Europe shall ensure that the Facility Agent is notified at least 30 days prior to any Permitted Take-Out Financing of Avis Europe's intention to proceed with such a Permitted Take-Out Financing. Upon reasonable request of the Facility Agent to the Co-ordinator, Avis Europe shall ensure that the Facility Agent is informed in reasonable detail of the advancement of any step taken with respect to a possible Permitted Take-Out Financing.

(ffffff) Any Take-Out Borrower which is the subject of a Permitted Take-Out Financing in respect of all its assets that would otherwise have formed part of its Borrower Asset Value shall, upon closing of such Permitted Take-Out Financing, cease to be entitled to request any Advances.

18.16 **Concentration Limits**

Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall):

(gggggg) not take any action which might reasonably be expected to cause any of the Concentration Limits to be exceeded;

(hhhhh) to the extent any of the Concentration Limits is exceeded at any time, take all reasonable actions to ensure that such Concentration Limit ceases to be exceeded as soon as practically feasible or that the Vehicles which result in the Concentration Limits being exceeded are financed by alternative sources, provided that such financing is permitted under the terms of the Senior Finance Documents; and

(iiiiii) immediately send a notification to the Facility Agent of such excess and of the remedial steps contemplated by Avis Europe in order that such Concentration Limit ceases to be exceeded.

18.17 Depreciation

Each Ultimate Borrower shall (and Avis Europe shall procure that each Ultimate Borrower that is a member of the Avis Europe Group shall) ensure that it depreciates the Vehicles in its Vehicle Fleet in accordance with GAAP consistently applied.

18.18 Sale of Vehicles

Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall) make the selection of the Vehicles that it resells on the market in accordance with market practice.

18.19 Renewal of Vehicle Manufacturers Programmes

Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall) (i) use its best efforts to renew up to and including the Final Maturity Date the Vehicle Dealer Purchase Agreements as provided in paragraph (b) of the definition of "Vehicle Dealer Purchase Agreement", the Vehicle Dealer Buy-Back Agreements as provided in paragraph (b) of the definition of "Vehicle Dealer Buy-Back Agreement", the Vehicle Manufacturer Purchase Agreements as provided in paragraph (b) of the definition of "Vehicle Manufacturer Purchase Agreement" and the Vehicle Manufacturer Buy-Back Agreements as provided in paragraph (b) of the definition of "Vehicle Manufacturer Buy-Back Agreement", and (ii) consult with the Facility Agent in the event of any change in a Vehicle Dealer's or Vehicle Manufacturer's policy which could be materially adverse to the setting up of the Permitted Take-Out Financing (including as a result of a change in the proportion of At Risk Assets comprising trucks) with a view to renewing such Vehicle Dealer Purchase Agreements, Vehicle Dealer Buy-Back Agreements, Vehicle Manufacturer Purchase Agreements and Vehicle Manufacturer Agreements to the maximum extent possible as provided in paragraph (b) of each of the definitions of "Vehicle Dealer Purchase Agreement", "Vehicle Dealer Buy-Back Agreement", "Vehicle Manufacturer Purchase Agreement" and "Vehicle Manufacturer Buy-Back Agreement" respectively.

18.20 Treasury Transactions

No Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall not) enter into a Treasury Transaction for speculation purposes.

18.21 Vehicle Manufacturer Guarantees/Insurance Policies

Each Obligor other than the Parent shall (and Avis Europe shall procure that each Obligor that is a member of the Avis Europe Group shall) procure that, to the extent such Obligor is party to or benefits from a Vehicle Dealer Buy-Back Agreement the credit risk of which is covered by a Vehicle Manufacturer Guarantee or insurance policy, the Secured Finance Parties benefit from such Vehicle Manufacturer Guarantee or insurance policy in connection with the receivables under the Vehicle Dealer Buy-Back Agreement assigned for the benefit of the Secured Finance Parties under the Security Documents.

18.22 Transferability of Receivables

In the event that any Vehicle Manufacturer Buy-Back Agreement or Vehicle Dealer Buy-Back Agreement contains one or more provisions requiring consent of any party (other than that of the Obligor benefiting from such agreement) in order for the Obligor to be able to transfer its receivables thereunder, each of Avis Europe and such Obligor shall (and Avis Europe shall procure that such Obligor, if it is a member of the Avis Europe Group, shall) use its best efforts to renegotiate such agreement (including at the time of its renewal) in order that such provision(s) be removed and each Obligor shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall) use its best efforts to procure that any new Vehicle Manufacturer Buy-Back Agreement or Vehicle Dealer Buy-Back Agreement entered into by it or from which it benefits does not contain any provision restricting its ability to freely and validly transfer its receivables or other rights thereunder.

18.23 Subordination of Intercompany Debt

The Parent and Avis Europe shall ensure that:

- (jjjjj) (save where such Financial Indebtedness constitutes Permitted Finco/Avis Europe Intragroup Financial Indebtedness or Permitted Finco Insurance Financial Indebtedness) each of the Parent and its Subsidiaries which is or becomes a borrower or a creditor in respect of Financial Indebtedness of any of the Obligors accedes to the Subordination Agreement as an Intercompany Borrower (as defined in the Subordination Agreement) or, as the case may be, an Intercompany Lender (as defined in the Subordination Agreement), in accordance with the Subordination Agreement; and
- (kkkkk) the Parent, AB Canada Holdings II Partnership and Avis Budget International Financing S.a r.l. accede to the ABCR Subordination Agreement before the first Utilisation Date.

18.24 **Security over Italian VAT Receivables**

Italian Opco shall:

- (llllll) if it intends to grant security over the relevant VAT requested for refund, request, as soon as possible and in any event no later than 30 September of each calendar year, the refund of its recoverable VAT pursuant to articles 30 and 38-bis of Presidential Decree No. 633 of 26 October 1972;
- (mmmmmm) if it assigns by way of security (such assignment only to be enforceable following an Event of Default) in favour of the Finance Parties the VAT requested for refund pursuant to paragraph (a) above, enter into a deed of assignment, in the form agreed between the Facility Agent and the Co-ordinator, within 10 Business Days of submitting the relevant VAT refund request to the Italian tax authorities, provided that notice of such assignment shall be given to the Italian tax authorities only in accordance with the provisions of such deed of assignment; and
- (nnnnnn) procure the issuance of a parent company, bank or insurance guarantee for the purposes of any VAT refund as soon as practicable within the time period permitted by applicable law or any different time upon request by the Italian tax authorities.

18.25 **Licensee/Lessee Bankruptcy**

In the event of a bankruptcy of a licensee or, as the case may be, lessee the Ultimate Borrower which is licensor or lessor (and party to the licence or, as applicable, sublease with such licensee or, as the case may be, lessee) will immediately use best efforts to recover any Vehicles the subject of such sublease or licence in accordance with Avis Europe Group management processes.

19. **NEGATIVE UNDERTAKINGS**

19.1 **Negative Pledge**

In this Clause 19.1, “**Quasi-Security**” means an arrangement or transaction described in paragraph (b) below.

- (ooooo) No Obligor other than the Parent shall (and Avis Europe shall ensure that no Obligor shall) create or permit to subsist any Security over any of its assets.
- (pppppp) No Obligor other than the Parent shall (and Avis Europe shall ensure that no Obligor that is a member of the Avis Europe Group shall):
 - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Avis Europe Group;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts; or
 - (iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(qqqqqq) Paragraphs (a) and (b) above do not apply to any Security, or (as the case may be) Quasi-Security, listed below:

- (i) any Security or Quasi-Security listed in Schedule 14 (*Existing Security/Quasi-Security*) except to the extent the principal amount secured by that Security or Quasi-Security exceeds the amount stated in that Schedule;
- (ii) any netting or set-off arrangement entered into by any Obligor in the banking arrangements it has entered into in the ordinary course of its business for the purpose of netting debit and credit balances;
- (iii) any payment or close-out netting or set-off arrangement pursuant to any hedging transaction entered into by an Obligor for the purpose of:
 - A. hedging any risk to which any Obligor is exposed in its ordinary course of trading; or
 - B. its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes only,

excluding, in each case, any Security or Quasi-Security under a credit support arrangement in relation to a hedging transaction;

- (iv) any lien arising by operation of law and in the ordinary course of trading;
- (v) any Security or Quasi-Security created pursuant to any Senior Finance Document;
- (vi) any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to an Obligor in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any Obligor; or
- (vii) any lease by an Opco to an Affiliate in accordance with its normal practice.

19.2 **Shares**

The Parent and Avis Europe shall procure that (i) no person shall create or permit to subsist any Security over any share in any Obligor (other than the Parent) and (ii) no warrants or options are issued in respect of the share capital of any Obligor (other than the Parent).

19.3 **Loans and Financial Indebtedness**

(rrrrrr) Except for Advances under this Facility and as permitted under paragraph (b) below, no Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall) be a creditor or debtor in respect of any Financial Indebtedness.

(ssssss) Paragraph (a) above does not apply to any:

- (i) Permitted Loan;
- (ii) Permitted Transaction;

- (iii) Permitted Opco Financial Indebtedness;
- (iv) Permitted Avis Europe/Finco Financial Indebtedness;
- (v) Permitted Intragroup Financial Indebtedness;
- (vi) Permitted Counter-Indemnity;
- (vii) Permitted Avis Europe/Finco Guarantee;
- (viii) Permitted Finco/Avis Europe Intragroup Financial Indebtedness; or
- (ix) Permitted Finco Insurance Financial Indebtedness,

provided that no Obligor (other than the Parent) may be a creditor or debtor of any further Financial Indebtedness in respect of paragraphs (i) to (vii) (inclusive) above which is incurred after a Default has occurred (which is continuing) (other than pursuant to paragraph (b) of “Permitted Intragroup Financial Indebtedness” and any related Permitted Loan by an Obligor to another Obligor),

where:

“**Bonds**” means any debenture, bond, note or loan stock or any similar instrument;

“**Credit Facilities**” means any agreement pursuant to which:

- (a) Avis Europe or Finco is a debtor in respect of any Financial Indebtedness; and
- (b) any bank or financial institution or a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets is a creditor in respect of such Financial Indebtedness;

“**Non-Target Opcos**” means any company which conducts any of the Group Business (other than financing), except any Ultimate Borrower;

“**Permitted Avis Europe/Finco Financial Indebtedness**” means any Financial Indebtedness of Avis Europe or Finco:

- (a) in respect of:
 - (i) Credit Facilities or Bonds which is incurred for the purpose of financing, or is applied to finance:
 - A. the rental fleet;
 - B. airport locations or concessions; and/or
 - C. Working Capital Expenditure,

in each case, of one or more Non-Target Opcos; and

- (ii) any hedging arrangement for the fixing of interest rate risk or foreign exchange risk,

the aggregate amount of which does not exceed €150,000,000 (or its Euro Equivalent) (without double-counting any guarantee falling within paragraph (a) of the definition of “Permitted Avis Europe/Finco Guarantees”) at such time (the aggregate amount of all such hedging arrangements being deemed to be the aggregate out-of-the-money mark-to-market exposure of the relevant Non-Target Opco pursuant to such hedging arrangements at the relevant time), provided that this limit does not apply to any such Financial Indebtedness incurred for the purpose of financing, or applied to finance, the rental fleet and/or Working Capital Expenditure of any Non-Target Opco which only conducts Group Business in France or the United Kingdom; or

(b) which falls within paragraph (b) of the definition of “Permitted Intragroup Financial Indebtedness”;

“Permitted Counter-Indemnities” means any counter-indemnity obligation of Avis Europe or Finco (i) which is entered into in the ordinary course of business in respect of any Credit Facility or guarantee; and (ii) which does not fall within the definition of “Permitted Avis Europe/Finco Financial Indebtedness”, provided that the aggregate of the contingent or actual exposures of Avis Europe and Finco under all such counter-indemnity obligations which do not fall within the definition of “Permitted Avis Europe/Finco Financial Indebtedness” does not exceed €10,000,000;

“Permitted Finco Insurance Financial Indebtedness” means any Financial Indebtedness in respect of which Finco is the debtor and either Avis Europe International Reinsurance Limited or Aegis Motor Insurance Limited is the creditor (such creditor being at the relevant time a member of the Avis Europe Group authorised to carry out insurance business in the Isle of Man) provided that:

- (a) the funds advanced to Finco in respect of such Financial Indebtedness are not attributable to sums borrowed by the relevant creditor from an entity which is not a member of the Avis Europe Group; and
- (b) Finco hereby agrees that, if a Default has occurred and is continuing:
 - (i) repayments of principal in respect of such Financial Indebtedness shall not be made unless such repayments are required to be made to the relevant creditor to satisfy its regulatory capital and reporting requirements (and Finco shall ensure that such limitation does not cause a breach of its contractual obligations relating to such Financial Indebtedness); and
 - (ii) before making such prepayment (or irrevocably committing to make such prepayment) Finco delivers to the Facility Agent a certificate in form and substance satisfactory to the Facility Agent signed by two directors of Finco certifying that the conditions and restrictions set out in this definition in respect of the incurrence of the Financial Indebtedness and the proposed repayment are complied with.

“Permitted Finco/Avis Europe Intragroup Financial Indebtedness” means any Financial Indebtedness, other than Permitted Finco Insurance Financial Indebtedness, in respect of which Finco or Avis Europe is the debtor and a member of the Avis Europe Group (other than an Obligor) is the creditor, provided that:

- (a) the proceeds of such Financial Indebtedness shall be applied by Finco or Avis Europe (as applicable) to its ordinary course activities;
- (b) Finco or Avis Europe (as applicable) hereby agrees that, if a Default has occurred and is continuing:
 - (i) Finco or Avis Europe (as applicable) shall not make any repayments of principal in respect of any such Financial Indebtedness which exceed €40,000,000 in aggregate during the period for which such Default is continuing (and Finco or Avis Europe (as applicable) shall ensure that such limitation does not cause a breach of its contractual obligations relating to such Financial Indebtedness);
 - (ii) no such Financial Indebtedness shall be repaid to the extent that the source of the funds for such Financial Indebtedness is attributable to amounts originally borrowed by the creditor of such Financial Indebtedness from an entity which is not a member of the Avis Europe Group; and
 - (iii) before making such prepayment (or irrevocably committing to make such prepayment) Finco or Avis Europe (as applicable) delivers to the Facility Agent a certificate in form and substance satisfactory to the Facility Agent signed by two directors of Finco or Avis Europe (as applicable) certifying that the conditions and restrictions in respect of the incurrence of the Financial Indebtedness and the proposed repayment set out in this definition are complied with; and
- (c) in respect of any such Financial Indebtedness where Avis Management Services Limited is the creditor, Avis Management Services Limited has subordinated its rights and interests relating to such Financial Indebtedness on terms acceptable to the Facility Agent;

“Permitted Intragroup Financial Indebtedness” means:

- (a) any Financial Indebtedness (other than relating to Finco On-Loans) in respect of which an Obligor is the creditor and another Obligor is the debtor and provided that each creditor in respect of such Financial Indebtedness has subordinated its rights and interests relating to such Financial Indebtedness pursuant to the Subordination Agreement;
- (b) any Financial Indebtedness in respect of which an Obligor is a debtor and any member of the ABG Group (other than a member of the Avis Europe Group) is a creditor, provided that each creditor in respect of such Financial Indebtedness has subordinated its rights and interests relating to such Financial Indebtedness on terms acceptable to the Facility Agent (acting on the instructions of the Majority Lenders); and

- (c) any Financial Indebtedness in respect of the Finco On-Loans (which, for the avoidance of doubt, do not need to be subordinated), provided that Finco shall grant security over its rights in respect of such Financial Indebtedness in favour of the Secured Finance Parties on terms acceptable to the Facility Agent (acting on the instructions of the Majority Lenders);

“Permitted Loan” means:

- (a) any trade credit extended by any Obligor to its customers on normal commercial terms and in the ordinary course of its trading activities;
- (b) the Finco On-Loans (which, for the avoidance of doubt, do not need to be subordinated), provided that Finco shall grant security over its rights in respect of such Financial Indebtedness in favour of the Secured Finance Parties on terms acceptable to the Facility Agent (acting on the instructions of the Majority Lenders);
- (c) any loans in respect of which Avis Europe or Finco is the creditor and any Non-Target Opco which is a member of the Avis Europe Group is the debtor, provided that Avis Europe or Finco may only lend amounts which it itself has borrowed pursuant to paragraph (b) of the definition of “Permitted Intragroup Financial Indebtedness” or paragraph (b) of the definition of “Permitted Avis Europe/Finco Financial Indebtedness” above;
- (d) any loans to any Obligor relating to Permitted Intragroup Financial Indebtedness in respect of which another Obligor is the creditor;
- (e) any loans made by Avis Europe or Finco which:
 - (i) are made to a Non-Target Opco for the purposes set out in paragraph (a)(i) or (a)(ii) of the definition of “Permitted Avis Europe/Finco Financial Indebtedness”; and
 - (ii) are funded by Permitted Avis Europe/Finco Financial Indebtedness; and
- (f) any loans made by any Opco to any Non-Target Opco which is required to be made in the ordinary course of such Opco’s business;

“Permitted Opco Financial Indebtedness” means:

- (a) [INTENTIONALLY OMITTED];
- (b) any Financial Indebtedness relating to an agreement pursuant to which:
 - (i) the Italian Opco is the sole debtor in respect of such Financial Indebtedness; and
 - (ii) any bank or financial institution or a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets is a creditor in respect of such Financial Indebtedness,

provided that each creditor in respect of such Financial Indebtedness has subordinated its rights and interests relating to such Financial Indebtedness on terms acceptable to the Facility Agent (acting on the instructions of the Majority Lenders);

- (c) any Financial Indebtedness of the Opcos pursuant to any uncommitted and unsecured overdraft facilities disclosed to the Facility Agent pursuant to paragraph (c) of Clause 17.4 (*Other Information*), provided that the aggregate of all such Financial Indebtedness of all of the Opcos shall not exceed €10,000,000; and
- (d) any Financial Indebtedness of any Opco relating to a Permitted Loan; and

“**Working Capital Expenditure**” means expenditure for the purpose of meeting current liabilities in the ordinary course of business.

(ttttt) Notwithstanding anything else to the contrary in this Agreement, repayment of Permitted Finco/Avis Europe Intragroup Financial Indebtedness and Permitted Finco Insurance Financial Indebtedness shall be permitted by this Agreement, save to the extent prohibited by paragraph (b) of the definition of Permitted Finco/Avis Europe Intragroup Financial Indebtedness and paragraph (b) of the definition of Permitted Finco Insurance Financial Indebtedness respectively.

19.4 **Finco On-Loans**

Finco, German Opco and Spanish Opco shall ensure that no advance is made pursuant to any Finco On-Loan where the aggregate of all such outstanding advances made to the relevant Opco would exceed the Borrowing Base of such Opco.

19.5 **Guarantees**

No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall) give any guarantee or incur any off-balance sheet liabilities as defined in the Applicable Accounting Principles other than (provided, however, that the exceptions below will not apply to any SPV):

(uuuuuu) the guarantees provided pursuant to the Senior Finance Documents;

(vvvvvv) the endorsement of instruments in the ordinary course of business or for collection;

(wwwww) trade credits, guarantees, indemnities or letters of credit given or issued on arm’s length terms in the ordinary course of business in respect of the obligations of an Obligor other than Financial Indebtedness; and

(xxxxxx) Permitted Avis Europe/Finco Guarantees.

19.6 **Dividends and Distributions**

(yyyyyy) **Restriction on Payment of Dividends** – No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall) (i) declare or pay any dividend; (ii) redeem, repurchase, defease, retire or repay any of its preference or ordinary share capital, or resolve to do so; (iii) repay or distribute any share premium account; or (iv) make any other distribution, or pay any non-debt interest

or other amounts, on or in respect of its share capital or any class of its share capital; or (v) set apart any sum for any such purpose identified in (i) to (iv) above, other than by an Obligor to another member of the Avis Europe Group or AE Consolidation Limited.

(zzzzzz) **Payments to the Parent following Default** – Whilst a Default has occurred and is continuing, no Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall) make any payment to any person other than another Obligor.

19.7 **Amendments to Documents**

Save as permitted in the Subordination Agreement, no Obligor shall, without the prior written consent of the Majority Lenders, amend, supplement, supersede or waive in a manner that would reasonably be expected to be materially adverse to the interests of the Finance Parties any term of any Transaction Document (other than the Senior Finance Documents), any SPV Operating Document, any Permitted Take-Out Financing Document or the by-laws or other constitutional documents of any Obligor whose shares are pledged under a Security Document, provided that this Clause 19.7 shall not restrict modifications of any type to any SPV Operating Document or Permitted Take-Out Financing Document once the SPV party to such document has refinanced all of its Outstandings pursuant to a Permitted Take-Out Financing.

19.8 **Change of Business**

No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall), without the prior written consent of the Majority Lenders or save as otherwise permitted by the terms of this Agreement, make any change in the general nature of its business (save as a direct result of the completion of the Acquisition) as carried on immediately prior to the date of this Agreement which would result in a material change in the Group Business.

19.9 **Mergers**

No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group will), without the prior written consent of the Majority Lenders, amalgamate, consolidate or merge with any other company or person unless (provided, however, that the exceptions below will not apply to any SPV):

(aaaaaaa) such amalgamation, consolidation or merger is of a member of the Avis Europe Group with or into an Obligor, provided that (i) the relevant Obligor is the surviving entity and (ii) no Encumbrances created by or pursuant to any Security Document are adversely affected in any manner whatsoever by such amalgamation, consolidation or merger;

(bbbbbbb) such amalgamation, consolidation or merger is otherwise specifically authorised in this Agreement;

(ccccccc) such amalgamation, consolidation or merger is between members of the Avis Europe Group other than Obligor;

(ddddddd) no Default or Event of Default will occur as a result of such amalgamation, consolidation or merger; or

(eeeeeee) any member of the Avis Europe Group (other than an Obligor) liquidates or dissolves, in either case on a solvent basis.

19.10 Arm's Length Terms

(ffffff) No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall) transact business with third parties other than on an arm's length basis and in the ordinary course except as otherwise authorised under the Senior Finance Documents or the SPV Operating Documents.

(ggggggg) No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall) enter into any arrangement or contract with any other Obligor unless such arrangement or contract is entered into on an arm's length basis and on reasonable commercial terms or is otherwise expressly permitted under the Senior Finance Documents or the SPV Operating Documents.

(hhhhhhh) No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall) enter into any arrangement or contract with any member of the ABG Group or any Affiliate thereof unless such arrangement or contract is entered into on an arm's length basis and on reasonable commercial terms or is otherwise expressly permitted under the Senior Finance Documents or the SPV Operating Documents.

19.11 Change in Financial Year

No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group shall), without the prior consent of the Facility Agent, change the end of its financial year, save that Italian Opco may change the end of its financial year once without requiring the prior consent of the Facility Agent.

19.12 Change in Auditors

No Obligor other than the Parent shall (and Avis Europe shall procure that no Obligor that is a member of the Avis Europe Group will) change its, and Avis Europe shall not change the Avis Europe Group's, auditors save to another internationally recognised firm of chartered accountants among Deloitte Touche Tohmatsu, Ernst & Young, KPMG or PricewaterhouseCoopers (or such other firm as the Facility Agent shall approve (such approval not to be unreasonably withheld or delayed)) which is willing to provide the reports referred to in Clause 17.1 (*Financial Statements*) (on the same or substantially the same basis and format as the existing auditors), and provided that the Co-ordinator has first given prior written notice of such proposed change to the Facility Agent.

19.13 Ownership of Obligors

Avis Europe shall procure that it shall at all times hold, directly or indirectly, 100 per cent. of the ordinary share capital of each Obligor (other than the Parent and the Borrower SPVs).

19.14 **Clear Market and Syndication**

Each Obligor other than the Parent shall (and Avis Europe shall procure that Obligor shall) provide the Mandated Lead Arranger with such reasonable assistance (including making available senior management) and financial or other information as the Mandated Lead Arranger may reasonably request from time to time to assist in the syndication of the Facility.

19.15 **Security over Italian VAT Receivables**

Italian Opco shall:

(iiiiiii) at no time set off tax payables (other than VAT Payables) or its liabilities for social security contributions with its recoverable VAT (unless set-off is automatically effected by the Italian tax authorities); and

(jjjjjjj) not request the refund of any recoverable VAT other than by way of an annual reimbursement request (*richiesta di rimborso fatta in sede di dichiarazione annuale*).

19.16 **Application of Italian Indebtedness**

The indebtedness incurred by any Italian Obligor under this Facility will not be applied in whole or in part towards the acquisition or subscription of shares in such Italian Obligor or any direct or indirect Holding Company of such Italian Obligor (or the refinancing of any indebtedness incurred for that purpose).

20. **EVENTS OF DEFAULT**

20.1 **Non-Payment**

Any Obligor fails to pay any sum due from it under any Senior Finance Document at the time, in the currency and in the manner specified in such Senior Finance Document unless failure to pay was due solely to technical or administrative error and the relevant sum is paid in full within five Business Days of the due date.

20.2 **Covenants**

Any Obligor fails to observe or perform any of its obligations or undertakings under any of the Senior Finance Documents (other than those specified in Clause 20.1 (*Non-Payment*)) and, if such failure is capable of remedy, it is not remedied within 20 Business Days from the earlier of (i) Avis Europe becoming aware of the relevant matter and (ii) the receipt of notice from the Facility Agent by the Co-ordinator in respect of such failure.

20.3 **Invalidity, Repudiation, Unenforceability or Unlawfulness of the Transaction Documents**

(kkkkkkk) Any material provision (including any guarantee or provision purporting to create any Encumbrance) of the Senior Finance Documents or the SPV Operating Documents ceases to be valid, lawful or enforceable or to give the Security Agent for the benefit of the Finance Parties any of the Encumbrances purported to be created thereby (subject, in each case, to the Reservations) against any party thereto or ceases to be in full force and effect.

(lllllll) An Obligor rescinds or purports to rescind, revokes or purports to revoke or repudiates or purports to repudiate any material obligation of a Transaction Document or evidences an intention to rescind, revoke or repudiate a Transaction Document.

20.4 **Misrepresentation**

(mmmmmmm) Any representation or written statement made or deemed to have been made by an Obligor in any Senior Finance Document or in any notice or other document, certificate or statement delivered by it pursuant to it or in connection therewith is or proves to have been incorrect or misleading in any material respect when made or deemed to have been made.

(nnnnnnn) No Event of Default under paragraph (a) above will occur if the misrepresentation or misstatement, or the circumstances giving rise to it, is/are capable of remedy and is/are remedied within 20 Business Days of the earlier of (A) the Facility Agent giving notice to the Co-ordinator or relevant Obligor and (B) the Co-ordinator or relevant Obligor becoming aware of the misrepresentation or misstatement.

20.5 **Cross Default**

(ooooooo) Any Financial Indebtedness of any Obligor (including, without limitation, any Financial Indebtedness incurred by the Parent pursuant to the amended and restated credit agreement between the Parent and, amongst others, the Mandated Lead Arranger dated 3 May 2011, as amended (the "Parent RCF")) is not paid when due (after giving effect to any originally applicable grace period);

(ppppppp) any Financial Indebtedness of any Obligor (including, without limitation, Financial Indebtedness incurred by the Parent pursuant to the Parent RCF) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default (however described); or

(qqqqqqq) any default or similar event occurs or is declared under an SPV Operating Document which is reasonably likely to have a Material Adverse Effect,

provided that no Event of Default will occur under this Clause 20.5 if the aggregate amount of any Financial Indebtedness and any commitment for Financial Indebtedness falling within paragraphs (a), (b) and (c) above does not exceed €30,000,000 (or its Euro Equivalent).

20.6 **Insolvency**

(rrrrrrr) An Obligor (other than the Parent) is unable (or deemed, for the purposes of any applicable Law, unable) or admits inability to pay its debts as they fall due, ceases or suspends generally payment of its debts or announces an intention to do so, or commences negotiations with, or makes a proposal to do so, any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition, assignment or arrangement with its creditors or a moratorium is declared in respect of the indebtedness of any Obligor (other than the Parent), unless such actions or proceedings commenced by third parties are promptly contested by such Obligor and finally dismissed within 21 days of their commencement.

(sssssss) With respect to any Obligor incorporated in Germany or incorporated in another jurisdiction but having its Centre of Main Interest in Germany:

- (i) an Obligor is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness and/or is unable to pay its debts as they fall due (*zahlungsunfähig*) within the meaning of section 17 of the German Insolvency Code (*Insolvenzordnung*);
- (ii) an Obligor is overindebted (*überschuldet*) within the meaning of section 19 of the German Insolvency Code (*Insolvenzordnung*); and/or
- (iii) a moratorium is declared in respect of any indebtedness of an Obligor.

20.7 **Insolvency Proceedings**

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(tttttt) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor (other than the Parent);

(uuuuuu) a composition, compromise, assignment or arrangement with any creditor of any Obligor (other than the Parent);

(vvvvvv) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Obligor (other than the Parent) or any of its assets;

(wwwwww) enforcement of any Security over any assets of any Obligor (other than the Parent);

(xxxxxxx) with respect to any Obligor incorporated in Germany, or incorporated in another jurisdiction but having its Centre of Main Interests in Germany:

(i) a petition for insolvency proceedings in respect of its assets (*Eröffnungsantrag*) has been filed or any event has occurred which constitutes a cause for the initiation of insolvency proceedings (*Eröffnungsantrag*) as set out in sections 17 et seq. of the German Insolvency Code (*Insolvenzordnung*); or

(ii) any action has been taken pursuant to section 21 of the German Insolvency Code (*Insolvenzordnung*) by a competent court; or

(yyyyyy) with respect to an Obligor incorporated in Italy, neither bankruptcy proceedings (*fallimento*) nor other insolvency proceedings (*procedura concorsuale*) provided under Italian Royal Decree 16 March 1942, No. 267, including any arrangement with creditors prior to bankruptcy (*accordo di ristrutturazione di debiti and/or piano di risanamento attestato and/or concordato preventivo and/or transazione fiscale*),

or any analogous procedure or step is taken in respect of any Obligor (other than the Parent) any jurisdiction.

In respect of a Spanish Group Member, a reference in this Clause 20 to:

(zzzzzzz) a “suspension of payments” includes any *concurso*;

(aaaaaaa) a “liquidator” includes a *liquidador*;

(bbbbbbbbb) an “administrative receiver” includes an *administrador judicial*; and

(ccccccc) any “other procedure or step” includes *solicitud de inicio de procedimiento de concurso, auto de declaración de concurso, convenio judicial o extrajudicial con acreedores and transacción judicial o extrajudicial*.

This Clause 20.7 shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 20 days of commencement.

20.8 **Parent Insolvency and Insolvency Proceedings**

(ddddddd) The Parent:

- (i) commences any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganisation or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganisation, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts; or
- (ii) seeks appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets and shall make a general assignment for the benefit of its creditors; or

(eeeeeee) there is commenced against the Parent any case, proceeding or other action of a nature referred to in paragraph (a) (i) or (a)(ii) above that:

- (i) results in the entry of an order for relief or any such adjudication or appointment; or
- (ii) remains undismissed or undischarged for a period of 60 days;

(ffffff) there is commenced against the Parent any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged or stayed or bonded pending appeal within 60 days from the entry thereof;

(ggggggg) the Parent takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in paragraph (a), (b) or (c) above; or

(hhhhhhh) the Parent generally does not, or is unable to, or admits in writing its inability to, pay its debts as they become due.

20.9 **Execution or Distress**

Any execution, expropriation, attachment, sequestration or distress is levied against or affects, or an encumbrancer takes possession of, the whole or any part of the property, undertaking or assets of any Obligor (other than the Parent) the aggregate value of which property, undertaking or assets of all such Obligors taken together exceeds €30,000,000 (or its Euro Equivalent) and the same is not discharged within 10 Business Days.

20.10 **Similar Events**

Any event occurs which, under the laws of any jurisdiction, has a similar or analogous effect to any of those events mentioned in Clause 20.6 (*Insolvency*), Clause 20.7 (*Insolvency Proceedings*) or Clause 20.9 (*Execution or Distress*) and the same is not frivolous or vexatious and discharged, stayed or dismissed within 20 days of commencement (or, in the case of events with similar or analogous effect to those events mentioned in Clause 20.9 (*Execution or Distress*), 10 Business Days).

20.11 **Qualifications of Financial Statements**

The auditors qualify their report on any audited financial statements of any Obligor (other than the Parent) in any regard.

20.12 **Illegality**

At any time it is or becomes unlawful for an Obligor to perform or comply with any material obligation under any of the Senior Finance Documents to which it is party.

20.13 **Intercreditor Default – Transaction Documents**

(iiiiiii) Any Obligor party to the Subordination Agreement breaches a payment prohibition or other material obligation under the Subordination Agreement adversely affecting the interests of the Finance Parties and provided such breach is not remedied within 20 Business Days of its occurrence.

(jjjjjjj) The Parent breaches a payment prohibition or other material obligation under the ABCSubordination Agreement adversely affecting the interests of the Finance Parties and provided such breach is not remedied within 20 Business Days of its occurrence.

20.14 **Cessation and Change of Business**

(kkkkkkk) Any Obligor (other than the Parent) changes, suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or any material part of the business of such Obligor, other than by transfer of business to a Borrower SPV.

(lllllll) The Parent materially changes, suspends or ceases to carry on (or threatens to suspend or cease to carry on) its primary business of renting cars.

- 20.15 **Proceedings**
Any litigation, arbitration, action or administrative or regulatory proceedings (including as a result of an Environmental Claim) of or before any court, arbitral body, regulating body or agency (including any competition authority) commences or is pending against any Obligor which could be reasonably expected to be adversely determined under any final judgment or any final order made or given by any court of competent jurisdiction and which, if so determined, would have a Material Adverse Effect.
- 20.16 **Pari Passu**
A claim of any Finance Party against any Obligor (other than the Parent) under the Senior Finance Documents ceases to be unconditional or to rank at least *pari passu* with the claims of all the unsecured creditors of such Obligor save those whose claims are preferred by any law of general application and subject to the provisions of the Subordination Agreement.
- 20.17 **Non-Compliance with Judgments**
Any Obligor (other than the Parent) fails to comply with any final judgment or final court order made against it for an amount in excess of €10,000,000 (or its Euro Equivalent) within the time provided by law or by such judgment or order.
- 20.18 **Enforcement of Encumbrances**
Any Encumbrance affecting the business, undertakings or assets of any Obligor (other than the Parent) becomes enforceable, provided that no Event of Default will occur under this Clause 20.18 if the aggregate amount of indebtedness and/or Financial Indebtedness secured by such Encumbrance is less than €10,000,000 (or its Euro Equivalent).
- 20.19 **Material Adverse Effect**
Any event or circumstance occurs which, in the opinion of the Majority Lenders, has a Material Adverse Effect.
- 20.20 **Permitted Take-Out Financing Default**
Any default, termination event or similar event occurs under a Permitted Take-Out Financing which, in the opinion of the Majority Lenders, has a Material Adverse Effect.
- 20.21 **Necessary Authorisations**
The loss of any Necessary Authorisations required for the entering into and the performance of any obligations of any Obligor (other than the Parent) under the Transaction Documents and required to carry on its business.
- 20.22 **Failure to Make a Mandatory Prepayment**
Any Obligor (other than the Parent) fails to make a mandatory prepayment in accordance with the provisions of Clause 11 (*Cancellation and Prepayment*).

20.23 **Delivery of Financial Information**

Any of the financial statements, reports, compliance information and other financial information and reporting obligations required in accordance with Clause 17 (*Financial Information*) are not delivered or made to the Facility Agent in the agreed form and in accordance with the agreed timing.

20.24 **Acceleration**

(mmmmmmmm) If an Event of Default occurs in respect of an Opco only, the rights set out in paragraph (b) below shall apply only in respect of the Outstandings attributable to such Opco (by way of Advances or Finco On-Loans, as applicable). In such circumstances, the Facility Agent may (in addition to the rights set out in paragraph (b) below) deem that such Opco's Borrowing Base has been reduced to zero.

(nnnnnnnn) On and at any time after the occurrence of an Event of Default, the Facility Agent may (and, if so instructed by the Majority Lenders, shall), without any judicial or extra judicial step, by written notice to the Co-ordinator:

- (i) declare all or any part of the Outstandings to be immediately due and payable (whereupon the same shall become so payable, together with accrued interest thereon and any other sums then owed by any Obligor under the Senior Finance Documents); and/or
- (ii) declare that any unutilised portion of the Facility shall be cancelled, whereupon the same shall be cancelled and the corresponding Commitments of each Lender shall be reduced to zero; and/or
- (iii) declare that all or part of the Outstandings be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders.

21. **ACCEDING BORROWERS**

(oooooo) Avis Europe may request that on or following the date of this Agreement an Eligible SPV becomes an Acceding Borrower under the Facility by delivering to the Facility Agent a Borrower Accession Notice subject to the terms and the provisions of paragraph (b) below, together with the documents listed in Part 1 of Schedule 6 (*Conditions Precedent*) in relation to such Acceding Borrower.

(pppppppp) Upon the Facility Agent's confirmation to Avis Europe that it has received all documents referred to in paragraph (a) above in respect of an Eligible SPV and that each is in form and substance satisfactory to it, such Eligible SPV, the other Obligors and the Finance Parties shall from the date of such accession each assume such obligations towards one another and/or acquire such rights against each other as they would have assumed or acquired had such Eligible SPV been an original Party as a Borrower and such Eligible SPV shall become a Party hereto as an Acceding Borrower.

(qqqqqqqq) It shall be a condition to accession that each Acceding Borrower shall (and Avis Europe shall ensure that each Acceding Borrower shall), on the date on which such Acceding Borrower accedes, provide such Security as the Security Agent may require in

accordance with the Security Principles. The Security Documents shall contain such customary further assurance language as the Facility Agent shall agree with the Co-ordinator. For the avoidance of doubt and notwithstanding anything to the contrary in this Agreement, no Acceding Borrower shall be deemed to, or be interpreted to, have granted a security interest or an Encumbrance, or have agreed to grant a security interest or an Encumbrance, in favour of any Finance Party whatsoever, until and unless a relevant Security Document to which such Acceding Borrower is a party shall have been executed and delivered by such Acceding Borrower, and this Agreement is not a Security Document.

22. **DEFAULT INTEREST**

(rrrrrrrr) If an Obligor fails to pay any amount payable by it under a Senior Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is the sum of 0.5 per cent. and the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted an Advance in the currency of the overdue amount for successive Terms, each of a duration selected by the Facility Agent (acting reasonably). Any interest accruing under this paragraph (a) shall be immediately payable by the Obligor on demand by the Facility Agent.

(sssssss) If any overdue amount consists of all or part of an Advance which became due on a day which was not the last day of a Term relating to that Advance:

- (i) the first Term for that overdue amount shall have a duration equal to the unexpired portion of the current Term relating to that Advance; and
- (ii) the rate of interest applying to the overdue amount during that first Term shall be the sum of 1 per cent. and the rate which would have applied if the overdue amount had not become due.

(ttttttt) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Term applicable to that overdue amount but will remain immediately due and payable (subject, as to default interest arising on overdue amounts due by an Italian Obligor, Article 1283 of the Italian Civil Code).

23. **GUARANTEE AND INDEMNITY**

23.1 **Guarantee and Indemnity**

Each Guarantor irrevocably and unconditionally jointly and severally:

(uuuuuuuu) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Senior Finance Documents;

(vvvvvvvv) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Senior Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(wwwwwwww) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Senior Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 23 if the amount claimed had been recoverable on the basis of a guarantee.

23.2 Continuing Guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Senior Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

23.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 23 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

23.4 Waiver of Defences

The obligations of each Guarantor under this Clause 23 will not be affected by an act, omission, matter or thing which, but for this Clause 23, would reduce, release or prejudice any of its obligations under this Clause 23 (without limitation and whether or not known to it or any Finance Party) including:

(xxxxxxx) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(yyyyyyyy) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any Obligor;

(zzzzzzzz) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(aaaaaaaa) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(bbbbbbbbb) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Senior Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Senior Finance Document or other document or security;

(cccccccc) any personal defences of any other Obligor, or any right of revocation or set-off of any other Obligor;

(dddddddd) any unenforceability, illegality or invalidity of any obligation of any person under any Senior Finance Document or any other document or security; or

(eeeeeeee) any insolvency or similar proceedings.

23.5 **Immediate Recourse**

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 23. This waiver applies irrespective of any law or any provision of a Senior Finance Document to the contrary.

23.6 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Senior Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(ffffff) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

(gggggg) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 23.

23.7 **Deferral of Guarantors' Rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Senior Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Senior Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 23:

(hhhhhhh) to be indemnified by an Obligor;

(iiiiiii) to claim any contribution from any other guarantor of any Obligor's obligations under the Senior Finance Documents;

(jjjjjj) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Senior Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Senior Finance Documents by any Finance Party;

(kkkkkkkk) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 23.1 (*Guarantee and Indemnity*);

(llllllll) to exercise any right of set-off against any Obligor; and/or

(mmmmmmmm) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights, it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Senior Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Facility Agent or as the Facility Agent may direct for application in accordance with Clause 26 (*Payments*).

23.8 **Release of Guarantors' Right of Contribution**

If any Guarantor (a "**Retiring Guarantor**") ceases to be a Guarantor in accordance with the terms of the Senior Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor, then on the date such Retiring Guarantor ceases to be a Guarantor:

(nnnnnnnn) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Senior Finance Documents; and

(oooooo) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Senior Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Senior Finance Document or of any other security taken pursuant to, or in connection with, any Senior Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

23.9 **Additional Security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

23.10 **Availability Deficiency**

In relation to any day, the amount payable under the Guarantees made under this Clause 23 shall be limited to the amount of the Availability Deficiency in respect of such day.

23.11 **Limitations of Liabilities of Spanish Guarantors**

Notwithstanding the foregoing and any other provisions of this Agreement, the obligations and liabilities of any Spanish Guarantor under this Clause 23.11, or any other provision of this Agreement, shall be deemed not to be assumed by such Spanish Guarantor to the extent that

they constitute or may constitute unlawful financial assistance within the meaning of article 150 of the Spanish Companies Law (*Ley de Sociedades de Capital*) (where the company is a Spanish public company (*Sociedad Anónima*)) or article 143 of the Spanish Companies Law (*Ley de Sociedades de Capital*) (where the company is a Spanish limited liability company (*Sociedad de Responsabilidad Limitada*)). Accordingly, the obligations and liabilities of any Spanish Obligor under this Agreement and any of the other Senior Finance Documents shall not include and shall not be extended to any repayment obligations in respect of financing used in or towards payment of or refinance of the purchase price or subscription for the shares or quotas in the Spanish Guarantor and/or the acquisition of or subscription for the shares or quotas in its controlling corporation directly or indirectly (or, where the company is a Spanish limited liability company (*Sociedad de Responsabilidad Limitada*), of any company of its group). Likewise, if incorporated as a limited liability company (*Sociedad de Responsabilidad Limitada*), the obligations and liabilities of the Spanish Guarantor under this Agreement and any of the other Senior Finance Documents shall not include and shall not be extended to any obligations which could reasonably be expected to result in a breach of article 402 of the Spanish Law on Companies (*Ley de Sociedades de Capital*).

23.12 **Limitations of Liabilities of Italian Opco**

The liability of Italian Opco under this Clause 23:

- (a) shall not include and shall not extend, directly or indirectly, to any indebtedness incurred by any Obligor under or in relation to any Advance the proceeds of which are applied in whole or in part towards the acquisition or subscription of shares in Italian Opco or any direct or indirect Holding Company of Italian Opco (or the refinancing of any indebtedness incurred for that purpose); and
- (b) in respect of the obligations of any Obligor which is not a direct or indirect Subsidiary of Italian Opco shall at all times be limited, as to Italian Opco, to an amount of €180,000,000.

23.13 **Limitations of Liabilities of German Guarantors**

(pppppppp) To the extent that the guarantee created under this Clause 23 (the “**Guarantee**”) is granted by a Guarantor incorporated in Germany as a limited liability company (*GmbH*) (each a “**German Guarantor**”) and the Guarantee of the German Guarantor guarantees amounts which are owed by direct or indirect shareholders of the German Guarantor or Subsidiaries of such shareholders (with the exception of Subsidiaries which are also Subsidiaries of the German Guarantor), the Guarantee of the German Guarantor shall be subject to certain limitations as set out in the following paragraphs of this Clause 23.13. In relation to any other amounts guaranteed, the Guarantee of the German Guarantor remains unlimited.

(qqqqqqqq) Subject to paragraphs (ii) and (iii) below, the Facility Agent shall not be entitled to enforce the Guarantee to the extent that the German Guarantor demonstrates that such enforcement has the effect of:

- A. reducing the German Guarantor’s net assets (*Nettovermögen*) (the “**Net Assets**”) to an amount less than its stated share capital (*Stammkapital*); or

B. (if its Net Assets are already lower than its stated share capital) causing such amount to be further reduced, and thereby affects its assets which are required for the obligatory preservation of its stated share capital according to §§ 30, 31 German GmbH-Act (*GmbH-Gesetz*) (the “**GmbH-Act**”) (“**Limitation on Enforcement**” or “**Limitation Event**”). For the purpose of determining whether a Limitation Event has occurred, any recourse claim (*Rückgriffsanspruch*) which the German Guarantor has, or would acquire, against a shareholder or another member of the Avis Europe Group as a result of the enforcement of the Guarantee shall be taken into account to the extent that such recourse claim is valuable (*werthaltig*) (“**Recourse Claim**”). To the extent that there is such Recourse Claim, no Limitation on Enforcement applies.

- (i) The value of the Net Assets shall be determined in accordance with GAAP consistently applied by the German Guarantor in preparing its unconsolidated balance sheets (*Jahresabschluss* according to § 42 GmbH-Act, §§ 242, 264 HGB) in the previous years, save that:
 - A.** the amount of any increase of the stated share capital (*Stammkapital*) of the German Guarantor registered after the date of this Agreement without the prior written consent of the Facility Agent shall be deducted from the relevant stated share capital; and
 - B.** loans and other liabilities incurred in violation of the provisions of any Senior Finance Document shall be disregarded.
- (ii) The Limitation on Enforcement shall only apply if and to the extent that the managing director(s) (*Geschäftsführer*) on behalf of the respective German Guarantor have confirmed in writing to the Facility Agent within five Business Days following the Facility Agent’s demand under the Guarantee (i) the amount of the German Guarantor’s Net Assets and (ii) that and to what extent the demanded payment would lead to the occurrence of a Limitation Event (the “**Management Determination**”).
- (iii) If the Facility Agent disagrees with the Management Determination, the Facility Agent shall nevertheless be entitled to enforce the Guarantee up to such amount, which is undisputed between itself and the relevant German Guarantor in accordance with the provisions of paragraph (ii) above. In relation to the amount which is disputed, the Limitation on Enforcement shall only apply if a firm of auditors of international standing and reputation has, to the satisfaction of the Facility Agent, determined within 30 calendar days (or such longer period as has been agreed between the Co-ordinator and the Facility Agent) from the date the Facility Agent has contested the Management Determination (i) the amount of the German Guarantor’s Net Assets and (ii) to what extent the demanded payment would lead to the occurrence of a Limitation Event (the “**Auditor’s Determination**”). If the Facility Agent and the German Guarantor do not agree on the appointment of a joint auditor within five Business Days from the date the

Facility Agent has disputed the Management Determination, the Facility Agent shall be entitled to appoint auditors of international standing and reputation in its sole discretion. The amounts determined in the Auditor's Determination shall be (except for manifest error) binding for all Parties. The costs of the Auditor's Determination shall be borne by the Co-ordinator.

- (iv) If pursuant to the Auditor's Determination the amount payable under the Guarantee is higher than set out in the Management Determination, the relevant German Guarantor shall pay the difference to the Facility Agent on behalf of the Finance Parties within five Business Days after receipt of the Auditor's Determination.
- (v) If, and to the extent that, the Guarantee has been enforced without regard to the Limitation on Enforcement because (A) the Management Determination was not delivered within the relevant time frame or (B) the amount payable under the Guarantee resulting from the Auditor's Determination is lower than the respective amount resulting from the Management Determination, the Finance Parties shall upon written demand of the relevant German Guarantor to the Facility Agent (on behalf of the Finance Parties) repay any amount (if and to the extent already paid to the Finance Parties), in the case of (A) above, which the Facility Agent would not have been entitled to enforce had the Management Determination been delivered in time, and, in the case of (B) above, the difference between the amount paid and the amount payable resulting from the Auditor's Determination calculated as of the date the demand under the Guarantee was made, provided such demand for repayment is made to the Facility Agent within six months (*Ausschlussfrist*) from the date the Guarantee has been enforced.
- (vi) If the German Guarantor intends to demonstrate that the enforcement of the Guarantee would lead to the occurrence of a Limitation Event, then the German Guarantor shall realise at market value any and all of its assets that are shown in its balance sheet with a book value (*Buchwert*) which is (in the opinion of the Facility Agent) significantly lower than their market value and to the extent that such assets are not necessary for the relevant German Guarantor's business (*nicht betriebsnotwendig*), to the extent necessary to satisfy the amounts demanded under this paragraph (b).
- (vii) The Limitation on Enforcement does not affect the right of the Finance Parties to claim again any outstanding amount at a later point in time if and to the extent that this paragraph (b) would allow this at that later point.
- (viii) The Limitation on Enforcement does not apply in relation to amounts that correspond to funds that have been on-lent to, or otherwise been passed on to, the relevant German Guarantor or any of its Subsidiaries. The burden of demonstrating that no amounts have been passed on is on the German Guarantor.
- (ix) The Limitation on Enforcement does not apply to any amounts payable under the Guarantee if and as long as a domination and/or profit and loss transfer agreement in accordance with § 291 of the German Stock Corporation Act (*Aktiengesetz*) is in existence.

- (x) For the avoidance of doubt, no Limitation on Enforcement applies if and to the extent for any reason (including as a result of a change in the relevant rules of law or their application or construction) the relevant situation referred to in paragraph (b) sentence 1 above does not constitute a breach of the German Guarantor's obligations to preserve its stated share capital pursuant to §§ 30, 31 GmbH-Act (as amended, supplemented and/or replaced from time to time).

(rrrrrrrr) This Clause 23.13 shall apply *mutatis mutandis* if the Guarantee is granted by a German Guarantor incorporated as a limited liability partnership (GmbH & Co. KG) in relation to the limited liability company as general partner (*Komplementär*) of such German Guarantor.

24. FACILITY AGENT, SECURITY AGENT AND THE FINANCE PARTIES

24.1 Appointment of the Facility Agent and the Security Agent

(ssssssss) Each of the other Finance Parties appoints the Facility Agent to act as its agent under and in connection with the Senior Finance Documents.

(tttttttt) Subject to Clause 24.22 (*Appointment as Security Agent (Sicherheitentreuhänder) in relation to German Security*), each of the other Finance Parties appoints the Security Agent to act as security trustee under and in connection with the Senior Finance Documents.

(uuuuuuuu) Each of the other Finance Parties authorises each of the Facility Agent and the Security Agent to exercise the rights, powers, authorities and discretions specifically given to it under or in connection with the Senior Finance Documents together with any other incidental rights, powers, authorities and discretions.

(vvvvvvvv) The duties of the Facility Agent and the Security Agent under the Senior Finance Documents will continue until such time as no Finance Party has any actual or contingent liability under any Senior Finance Document.

24.2 Duties of the Facility Agent and the Security Agent

(wwwwwwww) Subject to paragraph (b) below, the Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.

(xxxxxxx) Without prejudice to Clause 30.7 (*Copy of Transfer Certificate or Assignment Agreement to Co-ordinator*), paragraph (a) above shall not apply to any Transfer Certificate or to any Assignment Agreement.

(yyyyyyyy) Except where a Senior Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(zzzzzzzz) If the Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Finance Parties.

(aaaaaaaa) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Facility Agent or the Mandated Lead Arranger) under this Agreement, it shall promptly notify the other Finance Parties.

(bbbbbbbbb) The Facility Agent shall promptly send to the Security Agent such certification as the Security Agent may require, in relation to any Security other than German Security, pursuant to paragraph 7 of Schedule 15 (*Security Agency Provisions*).

(ccccccccc) The duties of the Facility Agent and the Security Agent under the Senior Finance Documents are solely mechanical and administrative in nature.

24.3 Role of the Mandated Lead Arranger

Except as specifically provided in the Senior Finance Documents, the Mandated Lead Arranger shall have no obligations of any kind to any other party under or in connection with any Senior Finance Document.

24.4 Role of the Security Agent

Subject to Clause 24.22 (*Appointment as Security Agent (Sicherheitentreuhand)*), the Security Agent shall not be an agent of any Finance Party or any Obligor under or in connection with any Senior Finance Document.

24.5 No Fiduciary Duties

(ddddddddd) Subject to Clause 24.22 (*Appointment as Security Agent (Sicherheitentreuhand) in relation to German Security*), nothing in the Senior Finance Documents constitutes the Facility Agent, the Security Agent (except as expressly provided in Schedule 15 (*Security Agency Provisions*)) or the Mandated Lead Arranger as a trustee or fiduciary of any other person.

(eeeeeeeee) Neither the Facility Agent, the Security Agent nor the Mandated Lead Arranger shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

24.6 Business with the Avis Europe Group

The Facility Agent, the Security Agent and the Mandated Lead Arranger may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Obligor or member of the Avis Europe Group or any other person.

24.7 Discretion of the Facility Agent

(fffffff) Each of the Facility Agent and the Security Agent may rely on:

- (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
- (ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(gggggggggg) Each of the Facility Agent and the Security Agent may assume, unless it has received notice to the contrary in its capacity as agent for the Lenders or, as the case may be, as security agent or security trustee for the Finance Parties, that:

- (i) no Default has occurred;
- (ii) any right, power, authority or discretion vested in any Party, the Lenders or the Majority Lenders has not been exercised; and
- (iii) any notice or request made by Avis Europe or the Co-ordinator is made on behalf of and with the consent and knowledge of all the Obligors.

(hhhhhhhhh) Each of the Facility Agent and the Security Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(iiiiiii) Each of the Facility Agent and the Security Agent may act in relation to the Senior Finance Documents through its personnel and agents.

(jjjjjjjjj) Each of the Facility Agent and the Security Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement or, as the case may be, as security trustee or agent.

(kkkkkkkkk) Notwithstanding any other provision of any Senior Finance Document to the contrary, neither the Facility Agent, the Security Agent nor the Mandated Lead Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or a duty of confidentiality.

24.8 **Majority Lenders' Instructions**

(lllllllll) Unless a contrary indication appears in a Senior Finance Document, each of the Facility Agent and the Security Agent shall (i) exercise any right, power, authority or discretion vested in it as Facility Agent or Security Agent (as the case may be) in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Facility Agent or Security Agent, as the case may be) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.

(mmmmmmmmm) Unless a contrary indication appears in a Senior Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.

(nnnnnnnnn) Each of the Facility Agent and the Security Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security or collateral as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(ooooooooo) In the absence of instructions from the Majority Lenders (or, if appropriate, the Lenders), each of the Facility Agent and the Security Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.

(pppppppppp) Neither the Facility Agent nor the Security Agent is authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Senior Finance Document.

24.9 **No Responsibility**

None of the Facility Agent, the Security Agent nor the Mandated Lead Arranger:

(qqqqqqqqqq) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by any Finance Party or an Obligor or any other person given in or in connection with any Senior Finance Document, including any Budget;

(rrrrrrrrrr) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Senior Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Senior Finance Document; or

(ssssssssss) is responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

24.10 **Exclusion of Liability**

(ttttttttt) Without limiting paragraph (b) below (and without prejudice to the provisions of paragraph (e) of Clause 26.9 (*Disruption to Payment Systems etc.*), neither the Facility Agent nor the Security Agent will be liable, including, without limitation, for negligence or any other category of liability whatsoever, for any action taken by it under or in connection with any Senior Finance Document, unless directly caused by its gross negligence or wilful misconduct.

(uuuuuuuuuu) No Party (other than the Facility Agent or, as the case may be, the Security Agent) may take any proceedings, or assert or seek to assert any claim, against any officer, employee or agent of the Facility Agent or the Security Agent in respect of any claim it might have against the Facility Agent or the Security Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Senior Finance Document and each party agrees that any officer, employee or agent of the Facility Agent or the Security Agent may rely on this Clause 24.10.

(vvvvvvvvvv) Neither the Facility Agent nor the Security Agent will be liable for any delay (or any related consequences) in crediting an account with an amount required under the Senior Finance Documents to be paid by it if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.

(wwwwwwwwww) Nothing in this Agreement shall oblige the Facility Agent, the Security Agent or the Mandated Lead Arranger to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Facility Agent, the Security Agent and the Mandated Lead Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Facility Agent, the Security Agent or the Mandated Lead Arranger.

24.11 **Lenders' Indemnity to the Facility Agent and the Security Agent**

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent and the Security Agent, within three Business Days of demand, against any cost, loss or liability including, without limitation, for negligence or any other category of liability whatsoever incurred by the Facility Agent or the Security Agent (otherwise than by reason of the Facility Agent's or, as the case may be, the Security Agent's gross negligence or wilful misconduct) (or in the case of any cost, loss or liability pursuant to Clause 26.9 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent or, as the case may be, the Security Agent) in acting as Facility Agent or, as the case may be, Security Agent, under the Senior Finance Documents (unless it has been reimbursed by an Obligor pursuant to a Senior Finance Documents).

24.12 **Resignation of the Facility Agent or Security Agent**

(xxxxxxxxxx) The Facility Agent or the Security Agent may resign and appoint one of its Affiliates acting through an office in France as successor Facility Agent or, as the case may be, Security Agent by giving notice to the other Finance Parties and the Co-ordinator.

(yyyyyyyyyy) Alternatively the Facility Agent or the Security Agent may resign without having designated a successor as agent under paragraph (a) above (and shall do so if so required by the Majority Lenders) by giving 30 days' notice to the Lenders and the Co-ordinator, in which case the Majority Lenders (with the prior written consent of Avis Europe) may appoint a successor Facility Agent or, as the case may be, Security Agent.

(zzzzzzzzzz) If the Majority Lenders have not appointed a successor Facility Agent or, as the case may be, Security Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Facility Agent or, as the case may be, Security Agent (after consultation with Avis Europe) may appoint a successor Facility Agent or Security Agent (as the case may be).

(aaaaaaaaaa) The retiring Facility Agent or Security Agent shall make available to its successor such documents and records and provide such assistance as its successor may reasonably request for the purposes of performing its functions as Facility Agent or Security Agent under the Senior Finance Documents.

(bbbbbbbbbb) The resignation notice of the Facility Agent or Security Agent shall only take effect upon the appointment of a successor.

(ccccccccc) Upon the appointment of a successor, the retiring Facility Agent or Security Agent shall be discharged from any further obligation in respect of the Senior Finance Documents but shall remain entitled to the benefit of this Clause 24.12. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(dddddddddd) After consultation with Avis Europe, the Majority Lenders may, by notice to the Facility Agent or, as the case may be, the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Facility Agent or, as the case may be, the Security Agent shall resign in accordance with paragraph (b) above.

24.13 **Confidentiality**

(eeeeeeeeee) Each of the Facility Agent (in acting as agent for the Finance Parties) and the Security Agent (in acting as security trustee for the Finance Parties) shall be regarded as acting through its respective agency or security agency or trustee division which in each case shall be treated as a separate entity from any other of its divisions or departments.

(ffffffffff) If information is received by another division or department of the Facility Agent or, as the case may be, the Security Agent, it may be treated as confidential to that division or department and the Facility Agent or, as the case may be, the Security Agent shall not be deemed to have notice of it.

24.14 **Relationship with the Lenders**

(gggggggggg) The Facility Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Facility Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:

- (i) entitled to or liable for any payment due under any Senior Finance Document on that day; and
- (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Senior Finance Document made or delivered on that day,

unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(hhhhhhhhhh) Any Lender may by notice to the Facility Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Senior Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 36.6 (*Electronic Communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 36.2 (*Addresses*) and paragraph (a)(iii) of Clause 36.6 (*Electronic Communication*) and the Facility Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

24.15 Lenders' Additional Costs Details

Each Lender shall supply the Facility Agent with any information required by the Facility Agent in order to calculate the Mandatory Cost Rate in accordance with Schedule 2 (*Mandatory Cost Formulae*).

24.16 Credit Appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Senior Finance Document, each Lender confirms to the Facility Agent, the Security Agent and the Mandated Lead Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Senior Finance Document, including but not limited to:

(iiiiiiiiiii) the financial condition, status and nature of each Obligor;

(jjjjjjjjjj) the legality, validity, effectiveness, adequacy or enforceability of any Senior Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Senior Finance Document;

(kkkkkkkkkk) whether that Lender has recourse, and the nature and extent of that recourse, against any party or any of its respective assets under or in connection with any Senior Finance Document, the transactions contemplated by the Senior Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Senior Finance Document; and

(llllllllll) the adequacy, accuracy and/or completeness of the Budget delivered pursuant to this Agreement and any other information provided by the Facility Agent, the Security Agent, the Mandated Lead Arranger or by any other person under or in connection with any Senior Finance Document, the transactions contemplated by the Senior Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Senior Finance Document.

24.17 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Facility Agent shall (in consultation with the Co-ordinator) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

24.18 Management Time of the Facility Agent and the Security Agent

Any amount payable to the Facility Agent or the Security Agent under Clause 13.5 (*Indemnity to the Facility Agent and the Security Agent*), Clause 33 (*Costs and Expenses*) and Clause 24.11 (*Lenders' Indemnity to the Facility Agent and the Security Agent*) shall include the cost of utilising its management time or other resources and will be calculated on the basis of its reasonable daily or hourly rates as it may notify to the Co-ordinator and the Lenders, and is in addition to any fee paid or payable to it under Clause 9 (*Fees*).

24.19 **Deduction from Amounts Payable by the Facility Agent or the Security Agent**

If any party owes an amount to the Facility Agent or the Security Agent under any Senior Finance Document, the Facility Agent or, as the case may be, the Security Agent may, after giving notice to that party, deduct an amount not exceeding that amount from any payment to that party which the Facility Agent or, as the case may be, the Security Agent would otherwise be obliged to make under the Senior Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Senior Finance Documents, that party shall be regarded as having received any amount so deducted.

24.20 **Co-operation with the Facility Agent and the Security Agent**

Each Lender and each Obligor will co-operate with the Facility Agent and the Security Agent to complete any legal requirements imposed on the Facility Agent or, as the case may be, the Security Agent, in connection with the performance of its duties under this Agreement and shall supply any information requested by it in connection with the proper performance of those duties.

24.21 **Security Agency Provisions**

The provisions of Schedule 15 (*Security Agency Provisions*) shall bind each Party in respect of the Security other than German Security.

24.22 **Appointment as Security Agent (*Sicherheitstreuhänder*) in relation to German Security**

(mmmmmmmmmm) Each Secured Finance Party appoints the Security Agent to be its German security trustee (*Sicherheitstreuhänder*) for the purpose of executing any German Security Documents and holding, administering and realising the related German Security in its own name as trustee (*treuhänderisch*) for the benefit of the Secured Finance Parties.

(nnnnnnnnnn) The Security Agent is authorised, empowered and directed to perform the duties and to exercise the rights, powers and discretions as agent (*Stellvertreter*) of the Secured Finance Parties that are specifically delegated to it under or in connection with the German Security Documents, and to take any action and exercise any right, power, authorities and discretion upon the provisions set out in this Agreement under or in connection with the German Security Documents, in each case together with any other rights, powers and discretions which are incidental thereto.

(oooooo0000) Each Secured Finance Party which becomes a party to this Agreement ratifies and approves all acts and declarations previously done by the Security Agent on such Secured Finance Party's behalf.

(pppppppppp) The Security Agent is relieved from the restrictions of self-dealing pursuant to § 181 of the German Civil Code (*Bürgerliches Gesetzbuch, BGB*) to perform its duties and obligations as Security Agent hereunder.

(qqqqqqqqqq) The Security Agent shall be and is authorised by each Secured Finance Party to execute on behalf of itself and each other party hereto without the need for any further referral to, or authority from, any other person all necessary releases or confirmations of any German Security created under any German Security Documents.

(rrrrrrrrrr) This Clause 24.22 and any non-contractual obligation arising out of or in connection with this Clause 24.22 are governed by the laws of the Federal Republic of Germany.

25. **THE EURO**

25.1 **Currency**

The Euro is the currency of account and payment for each and every sum at any time due from any Obligor under this Agreement, provided that:

(ssssssssss) each repayment of any Outstandings or Unpaid Sum (or part of it) shall be made in the currency in which those Outstandings or Unpaid Sum are denominated on their due date;

(tttttttttt) interest shall be payable in the currency in which the sum in respect of which such interest is payable was denominated when that interest was accrued;

(uuuuuuuuuu) each payment in respect of costs and expenses shall be made in the currency in which the same were incurred;

(vvvvvvvvvv) each payment pursuant to Clause 12.2 (*Tax Indemnity*) or Clause 13.1 (*Increased Costs*) shall be made in the currency specified by the Finance Party claiming under it; and

(wwwwwwwww) any amount expressed to be payable in a currency other than Euro shall be paid in that other currency.

25.2 **Change of Currency**

(xxxxxxxxxxx) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

- (i) any reference in the Senior Finance Documents to, and any obligations arising under the Senior Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Facility Agent (after consultation with Avis Europe); and
- (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Facility Agent (acting reasonably).

(yyyyyyyyyyy) If a change in any currency of a country occurs, this Agreement will, to the extent the Facility Agent (with the prior written consent of Avis Europe, not to be unreasonably withheld or delayed) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

25.3 **Currency Indemnity**

(zzzzzzzzzz) If any sum due from an Obligor under the Senior Finance Documents (a “**Sum**”) or any order, judgment or award given or made in relation to this Agreement has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:

- (i) making or filing a claim or proof against such Obligor; or
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion, including any discrepancy between (A) the rate of exchange used for such purpose to convert the sum in question from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(aaaaaaaaaa) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Senior Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

26. **PAYMENTS**

26.1 **Payment to the Facility Agent**

(bbbbbbbbbbb) On each date on which an Obligor or a Lender is required to make a payment under a Senior Finance Document, that Obligor (subject to Clause 26.8 (*Payments to the Security Agent*)) or Lender shall make the same available to the Facility Agent (unless a contrary intention appears in a Senior Finance Document) for value on the due date at the time and in such funds specified by the Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(ccccccccccc) Payment shall be made to (in the case of an amount denominated in Euro) the following account of the Facility Agent, or such other account with such bank as the Facility Agent may specify from time to time:

Name: Credit Agricole CIB Paris
SWIFT Code: BSUIFRPP
IBAN: FR76 3148 9000 1000 1855 0881 447
Reference: Titrisation/ Avis Europe/ Rosa Blanchau

26.2 **Distributions by the Facility Agent**

Each payment received by the Facility Agent under the Senior Finance Documents for another Party shall, subject to Clause 26.3 (*Distributions to an Obligor*), Clause 26.4 (*Clawback*) and Clause 26.8 (*Payments to the Security Agent*), be made available by the Facility Agent as soon as practicable after receipt to the party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to Euro, in the principal financial centre of a Participating Member State or London).

26.3 **Distributions to an Obligor**

The Facility Agent and the Security Agent may (with the consent of the Obligor or in accordance with Clause 27 (*Set-off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Senior Finance Documents or in or towards purchase of any amount of any currency to be so applied.

26.4 **Clawback**

(ddddddddddd) Where a sum is to be paid to the Facility Agent or the Security Agent under the Senior Finance Documents for another party, neither the Facility Agent nor, as the case may be, the Security Agent is obliged to pay that sum to that other party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(eeeeeeeeeee) If the Facility Agent or the Security Agent pays an amount to another party and it proves to be the case that the Facility Agent or, as the case may be, the Security Agent had not actually received that amount, then the party to whom that amount (or the proceeds of any related exchange contract) was paid shall on demand refund the same to the Facility Agent or, as the case may be, the Security Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent or, as the case may be, the Security Agent, calculated by it to reflect its cost of funds.

26.5 **Partial Payments**

If the Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Senior Finance Documents, the Facility Agent shall, unless otherwise instructed by the Majority Lenders, apply that payment towards the obligations of that Obligor under the Senior Finance Documents in the following order:

(fffffffffff) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Mandated Lead Arranger, the Facility Agent or the Security Agent under the Senior Finance Documents;

(gggggggggg) **second**, in or towards payment *pro rata* of any unpaid fees, costs and expenses and reimbursement of unpaid expenses of the Lenders due under the Senior Finance Documents;

(hhhhhhhhhh) **third**, in or towards payment *pro rata* of any accrued interest or commission due but unpaid in respect of the Facility;

(iiiiiiiiiii) **fourth**, in or towards payment *pro rata* of any principal due but unpaid under this Agreement; and

(jjjjjjjjjj) **fifth**, in or towards payment *pro rata* of any other sum due but unpaid under the Senior Finance Documents,

and such application shall override any appropriation made by an Obligor.

26.6 **No Set-off by Obligors**

All payments to be made by an Obligor under the Senior Finance Documents shall be calculated and be made without (and free of any deduction for) set-off or counterclaim.

26.7 **Business Days**

(kkkkkkkkkk) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(llllllllll) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

26.8 **Payments to the Security Agent**

Notwithstanding any other provision of any Senior Finance Document, at any time after any Security created by or pursuant to any Security Document becomes enforceable, the Security Agent may require:

(mmmmmmmmmm) any Obligor to pay all sums due under any Senior Finance Document; or

(nnnnnnnnnn) the Facility Agent to pay all sums received or recovered from an Obligor under any Senior Finance Document, in each case as the Security Agent may direct for application in accordance with the terms of the Senior Finance Documents.

26.9 **Disruption to Payment Systems etc.**

If either the Facility Agent determines (in its discretion) that a Disruption Event has occurred or the Facility Agent is notified by the Co-ordinator that a Disruption Event has occurred:

(oooooooooooo) the Facility Agent may, and shall if requested to do so by the Co-ordinator, consult with the Co-ordinator with a view to agreeing with the Co-ordinator such changes to the operation or administration of the Facility as the Facility Agent may deem necessary in the circumstances;

(pppppppppppp) the Facility Agent shall not be obliged to consult with the Co-ordinator in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

(qqqqqqqqqqqq) the Facility Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

(rrrrrrrrrrrr) any such changes agreed upon by the Facility Agent and the Co-ordinator shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Senior Finance Documents notwithstanding the provisions of Clause 39 (*Amendments*);

(sssssssssss) the Facility Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 26.9; and

(ttttttttttt) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

27. **SET-OFF**

27.1 **Right to Set Off**

A Finance Party may set off any matured obligation due from an Obligor under the Senior Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

27.2 **No Obligation**

No Lender shall be obliged to exercise any right given to it by Clause 27.1 (*Right to Set Off*).

28. **SHARING AMONG THE FINANCE PARTIES**

28.1 **Payments to Finance Parties**

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from an Obligor other than in accordance with Clause 26 (*Payments*) and applies that amount to a payment due under the Senior Finance Documents, then:

(uuuuuuuuuuu) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery to the Facility Agent;

(vvvvvvvvvvvv) the Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid, had the receipt or recovery been received or made by the Facility Agent and distributed in accordance with Clause 26.5 (*Partial Payments*), without taking account of any tax which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and

(wwwwwwwwwwww) the Recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 26.5 (*Partial Payments*).

28.2 **Redistribution of Payments**

The Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) in accordance with Clause 26.5 (*Partial Payments*).

28.3 **Recovering Finance Party’s Rights**

(xxxxxxxxxxxxx) On a distribution by the Facility Agent under Clause 28.2 (*Redistribution of Payments*), the Recovering Finance Party will be subrogated to the rights of the Finance Parties which have shared in the redistribution.

(yyyyyyyyyyyyy) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the relevant Obligor shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

28.4 **Reversal of Redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(zzzzzzzzzzzz) each Finance Party which has received a share of the relevant Sharing Payment pursuant to Clause 28.2 (*Redistribution of Payments*) shall, upon the request of the Facility Agent, pay to the Facility Agent for account of that Recovering Finance Party an amount equal to its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its share of any interest on the Sharing Payment which that Recovering Finance Party is required to pay); and

(aaaaaaaaaaaa) that Recovering Finance Party’s rights of subrogation in respect of any reimbursement shall be cancelled and the relevant Obligor will be liable to the reimbursing Finance Party for the amount so reimbursed.

28.5 **Exceptions**

(bbbbbbbbbbbb) This Clause 28 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause 28, have a valid and enforceable claim against the relevant Obligor.

(ccccccccccc) A Recovering Finance Party is not obliged to share with any other Finance Party under any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

- (i) it notified such other Finance Party of the legal or arbitration proceedings; and
- (ii) such other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice of it or did not take separate legal or arbitration proceedings.

29. **CALCULATIONS AND ACCOUNTS**

29.1 **Day Count Convention**

Any interest, commitment commission or fee accruing under a Senior Finance Document shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed in a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

29.2 **Control Accounts**

The Facility Agent shall maintain on its books a control account or accounts in which shall be recorded:

(ddddddddddd) the amount of any Advance or Unpaid Sum and each Lender's share in it;

(eeeeeeeeeee) the amount of all principal, interest and other sums due or to become due from each of the Obligors to any of the Lenders under the Senior Finance Documents and each Lender's share in it; and

(ffffffffffff) the amount of any sum received or recovered by the Facility Agent under this Agreement and each Lender's share in it.

29.3 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Senior Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

29.4 **Certificate of Finance Party**

Any certification or determination by a Finance Party of a rate or amount under any Senior Finance Document is *prima facie* evidence of the matters to which it relates.

30. **CHANGES TO THE LENDERS**

30.1 **Assignments and Transfers by the Lenders**

Subject to this Clause 30, a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the “**New Lender**”).

30.2 **Conditions of Assignment or Transfer**

(gggggggggggg) The consent of the Co-ordinator is required for an assignment or transfer by an Existing Lender, unless the assignment or transfer is to another Lender or an Affiliate of a Lender or an Event of Default is continuing.

(hhhhhhhhhhhh) The consent of the Co-ordinator to an assignment or transfer must not be unreasonably withheld or delayed. The Co-ordinator will be deemed to have given its consent five Business Days after the Existing Lender has requested it unless consent is expressly refused by the Co-ordinator within that time.

(iiiiiiiiiiii) The consent of the Co-ordinator to an assignment or transfer must not be withheld solely because the assignment or transfer may result in an increase to the Mandatory Cost Rate.

(jjjjjjjjjjjj) An assignment will only be effective on:

- (i) receipt by the Facility Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and
- (ii) performance by the Facility Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Facility Agent shall promptly notify to the Existing Lender and the New Lender.

(kkkkkkkkkkkk) A transfer will only be effective if the procedure set out in Clause 30.5 (*Procedure for Transfer*) is complied with.

(llllllllllll) If:

- (i) a Lender assigns or transfers any of its rights or obligations under the Senior Finance Documents or changes its Facility Office; and
- (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (*Taxes*) or Clause 13 (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred. This paragraph (f) shall not apply:

- A. in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facilities; or
- B. in relation to Clause 12 (*Taxes*), to a UK Treaty Lender that has included an indication to the effect that it wishes the HMRC DT Treaty Passport Scheme to apply to this Agreement in accordance with paragraph (a) of Clause 12.5 (*HMRC DT Treaty Passport scheme confirmation*) if the Obligor making the payment has not complied with its obligations under paragraph (b) of Clause 12.5 (*HMRC DT Treaty Passport scheme confirmation*).

(mmmmmmmmmmmm) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

30.3 **Assignment or Transfer Fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of €3,000.

30.4 **Limitation of Responsibility of Existing Lenders**

(nnnnnnnnnnnn) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

- (i) the legality, validity, effectiveness, adequacy or enforceability of the Senior Finance Documents or any other documents;
- (ii) the financial condition of any Obligor;
- (iii) the performance and observance by any Obligor of its obligations under the Senior Finance Documents or any other documents; or
- (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Senior Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(oooooooooooo) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Senior Finance Document; and

- (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Senior Finance Documents or any Commitment is in force.

(pppppppppppp) Nothing in any Senior Finance Document obliges an Existing Lender to:

- (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 30; or
- (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Senior Finance Documents or otherwise.

30.5 Procedure for Transfer

(qqqqqqqqqqqq) Subject to the conditions set out in Clause 30.2 (*Conditions of Assignment or Transfer*), a transfer is effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

(rrrrrrrrrrrr) The Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

(ssssssssssss) On the Transfer Date:

- (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Senior Finance Documents, each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Senior Finance Documents and their respective rights against one another under the Senior Finance Documents shall be cancelled (being the “**Discharged Rights and Obligations**”);
- (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
- (iii) the Facility Agent, the Mandated Lead Arranger, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Facility Agent, the Mandated Lead Arranger and the Existing Lender shall each be released from further obligations to each other under the Senior Finance Documents; and

(iv) the New Lender shall become a Party as a “Lender”.

(tttttttttt) At the request of the Facility Agent, the New Lender and the Existing Lender shall promptly raise the duly completed Transfer Certificate to the status of Spanish Public Document in the form of “*escritura pública*”.

30.6 **Procedure for Assignment**

(uuuuuuuuuuuu) Subject to the conditions set out in Clause 30.2 (*Conditions of Assignment or Transfer*), an assignment may be effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

(vvvvvvvvvvvv) The Facility Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

(wwwwwwwwwwww) On the Transfer Date:

- (i) the Existing Lender will assign absolutely to the New Lender the rights under the Senior Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;
- (ii) the Existing Lender will be released by each Obligor and the other Finance Parties from the obligations owed by it (the “**Relevant Obligations**”) and expressed to be the subject of the release in the Assignment Agreement; and
- (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.

(xxxxxxxxxxxxxx) Lenders may utilise procedures other than those set out in this Clause 30.6 to assign their rights under the Senior Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 30.5 (*Procedure for Transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) provided that they comply with the conditions set out in Clause 30.2 (*Conditions of Assignment or Transfer*).

(yyyyyyyyyyyyyy) At the request of the Facility Agent, the New Lender and the Existing Lender shall promptly raise the duly completed Assignment Agreement to the status of Spanish Public Document in the form of “*escritura pública*”.

30.7 **Copy of Transfer Certificate or Assignment Agreement to Co-ordinator**

The Facility Agent shall, as soon as reasonably practicable (and in any event within five Business Days) after it has executed a Transfer Certificate or an Assignment Agreement, send to the Co-ordinator (with a copy to Director of Tax, Avis Budget EMEA Limited, Fax: +44 (0)1344 869194) a copy of that Transfer Certificate or Assignment Agreement.

30.8 **Security over Lenders' Rights**

In addition to the other rights provided to Lenders under this Clause 30, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Senior Finance Document to secure obligations of that Lender, including, without limitation:

(zzzzzzzzzzzz) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and

(aaaaaaaaaaaa) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Senior Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Senior Finance Documents; or
- (ii) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Senior Finance Documents.

31. **CHANGES TO THE OBLIGORS**

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Senior Finance Documents unless approved in advance by the Majority Lenders.

32. **MONEY LAUNDERING**

Each Borrower hereby confirms to each Lender that all Utilisations made by it under this Agreement will be made solely for its own account or for the account of the Avis Europe Group and that, accordingly, such Borrower qualifies as an economic beneficiary (*wirtschaftlich Berechtigter*) under section 8 of the German Money Laundering Act (*Geldwäschegesetz*).

33. **COSTS AND EXPENSES**

33.1 **Transaction Expenses**

The Co-ordinator shall, within 14 Business Days of demand, on demand pay the Facility Agent and the Mandated Lead Arranger the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution and syndication of:

- (a) this Agreement and any other documents referred to in this Agreement; and
- (b) any other Senior Finance Documents executed after the date of this Agreement.

33.2 **Amendment Costs**

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 25.2 (*Change of Currency*), such Obligor shall, within three Business Days of demand, reimburse the Facility Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Facility Agent in responding to, evaluating, negotiating or complying with that request or requirement.

33.3 **Enforcement Costs**

The Co-ordinator shall, within three Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Senior Finance Document.

33.4 **Stamp Taxes**

Avis Europe shall (and shall procure that the relevant Obligors shall) pay all stamp, registration, documentary and other Taxes (including any penalties, additions, fines, surcharges or interest relating thereto) to which any of the Senior Finance Documents or any judgment given in connection therewith is or at any time may be subject and shall, from time to time on demand of the Facility Agent, indemnify the Finance Parties, upon presentation of invoices and/or appropriate supporting documentation, against any loss, liabilities, costs, claims and expenses incurred by any Finance Party in relation to all stamp, registration, documentary and other Taxes payable in respect of any Senior Finance Document. The Facility Agent or the relevant Lender shall be entitled (but not obliged) to pay those taxes (whether or not they are its primary responsibility) and to the extent that it does so, claim them under this Clause 33 (provided that, if such payment is made by the relevant Lender, it shall notify the Facility Agent thereof as soon as practicable thereafter).

33.5 **Value Added Tax**

(bbbbbbbbbbbb) All amounts set out or expressed in a Senior Finance Document to be payable by any Party to a Finance Party which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply or supplies, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Senior Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of such VAT (and such Finance Party shall promptly provide an appropriate VAT invoice to such Party), provided that the reverse charge mechanism does not apply.

(cccccccccccc) If VAT is or becomes chargeable on any supply made by any Finance Party (the “**Supplier**”) to any other Finance Party (the “**Recipient**”) under a Senior Finance Document, and any Party other than the Recipient (the “**Subject Party**”) is required by the terms of any Senior Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), the Subject Party shall also pay (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT:

- (i) where the Supplier is the person required to account to the relevant tax authority for the VAT, to the Supplier. The Recipient will promptly pay to the Subject Party an amount equal to any credit or repayment obtained by the Recipient from the relevant tax authority which the Recipient reasonably determines is in respect of such VAT; or
- (ii) where the Recipient is the person required to account to the relevant tax authority for the VAT, to the Recipient following demand from the Recipient, but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.

(dddddddddddd) Where a Senior Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(eeeeeeeeeeee) Any reference in this Clause 33.5 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” to have the same meaning as in the Value Added Tax Act 1994 or equivalent legislation in jurisdictions outside the United Kingdom).

34. **REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of the Finance Parties or any of them, any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by Law.

35. **LIMITATIONS ON RECOURSE AND NON-PETITION**

This Clause 35 shall only apply in relation to any Borrower SPV which is a Take-Out Borrower.

35.1 **Limitations on Recourse**

To the maximum extent allowed by applicable Law, each Lender hereby expressly agrees:

(ffffffffffffff) it shall have no recourse in respect of any obligation, agreement or arrangement undertaken or entered into by a Borrower SPV in this Agreement against any shareholder, manager or director of such Borrower SPV in such capacity, by any court proceedings or by virtue of any statute or other provision;

(gggggggggggggg) any recourse against a Borrower SPV that may be available to it under this Agreement shall be limited in the manner set out in the SPV Operating Documents relating to that Borrower SPV; and

(hhhhhhhhhhhhhh) each Guarantor acknowledges and agrees that, in the event of payment under the Guarantee due to the failure of a Borrower SPV to comply with its obligations under the Senior Finance Documents, all claims and rights held vis-à-vis the Borrower SPV as a result of any subrogation will be subject to the limited recourse provision referred to above and the terms and conditions of this Clause 35 will apply *mutatis mutandis* to the relationship between the Guarantor and the Borrower SPV.

35.2 **Non-Petition**

To the maximum extent allowed by applicable Law, each Lender hereby expressly agrees that it shall not take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of any Borrower SPV or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of any Borrower SPV or over any or all of its assets or undertaking.

36. **NOTICES AND DELIVERY OF INFORMATION**

36.1 **Writing**

Each communication to be made under this Agreement shall be made in writing and, unless otherwise stated, shall be made by fax or letter.

36.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Senior Finance Documents is:

(iiiiiiiiiiiiii) in the case of each Original Obligor and the Co-ordinator, that identified with its name below;

(jjjjjjjjjjjjjj) in the case of each Lender or any Obligor (other than an Original Obligor), that notified in writing to the Facility Agent on or prior to the date on which it becomes a Party; and

(kkkkkkkkkkkkkk) in the case of the Facility Agent and the Security Agent, that identified with its name below,

or any substitute address, fax number or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

36.3 Delivery

(llllllllllllll) Any communication or document made or delivered by one person to another under or in connection with the Senior Finance Documents will only be effective:

- (i) if by way of fax, when received in legible form; or
- (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 36.2 (*Addresses*), if addressed to that department or officer.

(mmmmmmmmmmmmmm) Any communication or document to be made or delivered to the Facility Agent will be effective only when actually received by the Facility Agent and then only if it is expressly marked for the attention of the department or officer identified with the Facility Agent's signature below (or any substitute department or officer as the Facility Agent shall specify for this purpose).

(nnnnnnnnnnnnnn) All notices from or to an Obligor shall be sent through the Facility Agent.

(oooooooooooooo) Any communication or document made or delivered to Avis Europe or the Co-ordinator in accordance with this Clause 36 will be deemed to have been made or delivered to each of the Obligors.

36.4 Notification of Address and Fax Number

Promptly upon receipt of notification of an address and fax number with respect to any of the Obligors or change of address or fax number pursuant to Clause 36.2 (*Addresses*) with respect to any of the Obligors or changing its own address or fax number, the Facility Agent shall notify the other Parties.

36.5 Use of Websites

(pppppppppppppp) An Obligor may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the "**Website Lenders**") who accept this method of communication by posting this information onto an electronic website designated by Avis Europe and the Facility Agent (the "**Designated Website**") if:

- (i) the Facility Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;

(ii) both Avis Europe and the Facility Agent are aware of the address of, and any relevant password specifications for, the Designated Website; and

(iii) the information is in a format previously agreed between Avis Europe and the Facility Agent.

If any Lender (a “**Paper Form Lender**”) does not agree to the delivery of information electronically, then the Facility Agent shall notify the Co-ordinator accordingly and Avis Europe shall ensure that the information is supplied to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event, Avis Europe shall ensure that the Facility Agent is supplied with at least one copy in paper form of any information required to be provided by it.

(qqqqqqqqqqqq) The Facility Agent shall supply each Website Lender with the address of, and any relevant password specifications for, the Designated Website following designation of that website by Avis Europe and the Facility Agent.

(rrrrrrrrrrrr) Avis Europe or the Co-ordinator shall, promptly upon becoming aware of its occurrence, notify the Facility Agent if:

- (i) the Designated Website cannot be accessed due to technical failure;
- (ii) the password specifications for the Designated Website change;
- (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
- (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
- (v) Avis Europe or the Co-ordinator becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Facility Agent is notified under paragraph (i) or (v) above, all information to be provided by Avis Europe or the Co-ordinator under this Agreement after the date of that notice shall be supplied in paper form unless and until the Facility Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

(ssssssssssss) Any Website Lender may request, through the Facility Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. Avis Europe shall ensure that any such request is complied with within 20 Business Days.

36.6 **Electronic Communication**

(tttttttttttt) Any communication to be made between the Facility Agent and a Lender under or in connection with the Senior Finance Documents may be made by electronic mail or other electronic means, if the Facility Agent and the relevant Lender:

- (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

- (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (iii) notify each other of any change to their address or any other such information supplied by them.

(uuuuuuuuuuuuuu) Any electronic communication made between the Facility Agent and a Lender will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Facility Agent only if it is addressed in such a manner as the Facility Agent shall specify for this purpose.

37. **ENGLISH LANGUAGE**

Each communication and document made or delivered by one Party to another pursuant to this Agreement shall be in the English language or accompanied by a translation of it into English certified (by an officer of the person making or delivering the same) as being a true and accurate translation.

38. **PARTIAL INVALIDITY**

(vvvvvvvvvvvvvv) If, at any time, any provision of the Senior Finance Documents is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity nor enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

(wwwwwwwwwwwwww) For the purposes and pursuant to Article 1232 of the Italian Civil Code, the Finance Parties hereby expressly agree that the Italian Security created or evidenced by the Italian Security Documents shall remain in full force and effect notwithstanding any novation (within the meaning of Article 1230 of the Italian Civil Code) of this Agreement or any of the other Senior Finance Documents.

39. **AMENDMENTS**

39.1 **Amendments**

Except as provided in Clauses 39.2 (*Consent*), 39.3 (*Technical Amendments*), 39.4 (*Guarantees, Encumbrances and Borrowing Base*) and 39.5 (*Special Majority Matters*), the Facility Agent, if it has the prior written consent of the Majority Lenders, and the Obligors affected thereby, may from time to time agree in writing to amend this Agreement or to waive, prospectively or retrospectively, any of the requirements of this Agreement and any amendments or waivers so agreed shall be binding on all the Finance Parties and the Obligors.

39.2 **Consent**

An amendment or waiver relating to the following matters shall not be made without the prior written consent of all the Lenders:

- (xxxxxxxxxxxxxxxx) the definition of "Majority Lenders";
- (yyyyyyyyyyyyyyyy) an extension in the date of payment of any amount under the Senior Finance Documents;
- (zzzzzzzzzzzzzz) a reduction in any Applicable Margin or reduction in the amount of any payment of principal, interest, fees or commission payable;
- (aaaaaaaaaaaaaa) any increase in or an extension of any Commitment;
- (bbbbbbbbbbbbbbb) any change of any of the Borrowers or Guarantors (except as permitted hereunder);
- (ccccccccccccc) a change to any provision which expressly requires the consent of all the Lenders;
- (ddddddddddddddd) an extension of the Availability Period;
- (eeeeeeeeeeeeeee) a change to the order of application of any recoveries and any proceeds from enforcement of the Security Documents;
- (ffffffffffffff) the nature or scope of the guarantee and indemnity granted under Clause 23 (*Guarantee and Indemnity*);
- (ggggggggggggggg) the release of any Security created pursuant to any Security Document or of any Charged Assets (except as provided in any Security Document); or
- (hhhhhhhhhhhhhhh) any change to Clause 2.3 (*Finance Parties' Rights and Obligations*), Clause 30 (*Changes to the Lenders*), Clause 28 (*Sharing among the Finance Parties*) or this Clause 39.

39.3 **Technical Amendments**

Notwithstanding Clause 39.1 (*Amendments*), the Facility Agent may determine administrative matters and make technical amendments arising out of manifest errors on the face of this Agreement, where such amendments would not prejudice or otherwise be adverse to the position of any Lender under this Agreement, without reference to the Lenders.

39.4 **Guarantees, Encumbrances and Borrowing Base**

Subject to Clause 39.5 (*Special Majority Matters*), the following shall require prior written consent of Lenders whose Available Commitments plus Outstandings amount in the aggregate to more than 90 per cent. of the Available Facility plus aggregate Outstandings:

- (iiiiiiiiiiiiiii) a waiver of issuance or the release of any Guarantor from any of its obligations pursuant to any Guarantee or a release of any Encumbrances under the Security Documents; and

(jjjjjjjjjjjjjj) any change to the definition of “Advance Rate” or “Borrowing Base” or any other defined term that would have a direct or indirect impact on the definition of “Advance Rate” or “Borrowing Base”.

39.5 Special Majority Matters

Notwithstanding anything else to the contrary in this Agreement, the following amendments or waivers may be effected only with the prior written consent of the Special Majority Lenders:

(kkkkkkkkkkkkkkk) any of the following amendments to the definition of “Concentration Limits”:

- (i) the amendment of “15 per cent.” in paragraph (c) of the definition of “Concentration Limits” to a percentage not greater than 20 per cent.;
- (ii) the amendment of “10 per cent.” in paragraph (d) of the definition of “Concentration Limits” to a percentage not greater than 15 per cent.;
- (iii) the amendment of “55 per cent.” in paragraph (f) of the definition of “Concentration Limits” to a percentage not greater than 58 per cent.;
- (iv) the amendment of “25 per cent.” in paragraph (i) of the proviso to the definition of “Concentration Limits” to a percentage not greater than 28 per cent.; or
- (v) the amendment of “15 per cent.” in paragraph (ii) of the proviso to the definition of “Concentration Limits” to a percentage not greater than 18 per cent.,

provided that (A) each such amendment may only subsist for a period of up to three months from the date on which the amendment takes effect, after which date the relevant Concentration Limit shall revert to the level specified as at the date of this Agreement and no further amendment to such Concentration Limit will be permitted pursuant to this Clause 39.5 (*Special Majority Matters*); and (B) at the time the amendment takes effect, the aggregate effect on the Borrowing Base of each Ultimate Borrower of all amendments which have been made pursuant to this paragraph (a) and are then subsisting shall not constitute an increase of more than €25,000,000; and

(lllllllllllllll) any amendment to the definition of “Permitted Loan”, “Permitted Financial Indebtedness”, “Permitted Avis Europe/Finco Financial Indebtedness”, “Permitted Opco Financial Indebtedness”, “Permitted Intragroup Financial Indebtedness”, “Permitted Counter-Indemnity”, “Permitted Transactions” or “Permitted Avis Europe/Finco Guarantees” provided that such amendments, when taken together, do not result in the Obligors collectively being permitted to incur more than €10,000,000 (or its Euro Equivalent) of additional Financial Indebtedness which would not otherwise be permitted pursuant to this Agreement.

“Special Majority Lenders” means:

(mmmmmmmmmmmmmm) if there are no Advances then outstanding, a Lender or Lenders whose Commitments aggregate more than 50 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 50 per cent. of the Total Commitments immediately prior to the reduction); or

(nnnnnnnnnnnnnnnn) at any other time, a Lender or Lenders whose participations in the Advances then outstanding aggregate more than 50 per cent. of all the Outstandings.

39.6 **Facility Agent and Mandated Lead Arranger Consent Rights**

An amendment or waiver which relates to the rights or obligations of the Facility Agent, the Security Agent or the Mandated Lead Arranger (each in their capacity as such) may not be effected without the consent of the Facility Agent, the Security Agent or, as the case may be, the relevant Mandated Lead Arranger.

39.7 **Non-Consenting Lenders**

Where the Co-ordinator requests an amendment or a waiver under this Agreement requiring the consent of each Lender and such request is denied because of a Lender or a group of Lenders (the “**Non-Consenting Lenders**”) and Lenders whose aggregate Commitments (whether drawn or undrawn) amount in aggregate to at least 85 per cent. of the Total Commitments (whether drawn or undrawn) have already given their consent to such request, upon 15 Business Days’ written notice to the Facility Agent, Avis Europe may either (i) replace a Non-Consenting Lender or a group of Non-Consenting Lenders with another bank or financial institution that it will select, in consultation with the Facility Agent and which shall be willing to accept such transfer for cash at par, subject to the payment of all Outstandings due to such Non-Consenting Lender or group of Non-Consenting Lenders together with accrued interest and fees thereon, Break Costs related to such transfer and all other reasonable fees and expenses incurred by the Non-Consenting Lender or the Facility Agent in connection with such transfer or (ii) prepay the Non-Consenting Lenders Outstandings (in full but not part thereof) and cancel all Commitments of the Non-Consenting Lenders using Financial Indebtedness that is subordinated to the Facility to the satisfaction of the Facility Agent (acting reasonably).

Any notice served pursuant to this Clause 39.6 must be received by the Facility Agent within 180 days of the later of (i) the date of the Non-Consenting Lenders’ refusal of such request and (ii) the Facility Agent notifying the refusal to the Co-ordinator.

39.8 **Non-Response of a Lender**

Where the Co-ordinator requests an amendment or a waiver under this Agreement and a Lender does not respond to such a request within 15 Business Days (or such other period as the Co-ordinator and the Facility Agent may agree) of such request (the “**Non-Responding Lender**”), then such Non-Responding Lender will be excluded in determining whether such request is granted.

39.9 **Amendments to SPV Security Documents**

(oooooooooooooooo) Subject to Clause 39.4 (*Guarantees, Encumbrances and Borrowing Base*), any provision of an SPV Security Document may only be amended or waived by the written agreement of the relevant SPV (as the case may be) and the Security Agent (acting pursuant to paragraph (b) below).

(pppppppppppppp) In agreeing to amend or waive the provisions of any SPV Security Document, the Security Agent shall act of its own accord if the amendment or waiver falls within the circumstances envisaged by Clause 39.3 (*Technical Amendments*), and otherwise in accordance with the instructions of:

- (i) each Lender, if within the circumstances envisaged by Clause 39.2 (*Consent*); or
- (ii) the requisite percentage of Lenders as may be required pursuant to paragraph (a) of Clause 39.4 (*Guarantees, Encumbrances and Borrowing Base*) if within the circumstances envisaged by paragraph (a) of Clause 39.4 (*Guarantees, Encumbrances and Borrowing Base*); or
- (iii) in any other case, the Majority Lenders.

40. **CONFIDENTIALITY**

40.1 **Confidential Information**

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 40.2 (*Disclosure of Confidential Information*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

40.2 **Disclosure of Confidential Information**

Any Finance Party may disclose:

(qqqqqqqqqqqqqq) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(rrrrrrrrrrrrrr) to any person:

- (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Senior Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
- (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Senior Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

- (iii) appointed by any Finance Party or by a person to whom paragraph (i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Senior Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 24.14 (*Relationship with the Lenders*));
- (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (i) or (ii) above;
- (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- (vi) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 30.8 (*Security over Lenders' Rights*);
- (vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- (viii) who is a Party; or
- (ix) with the consent of the Co-ordinator or any Obligor,

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- A.** in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
- B.** in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information; and
- C.** in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

(ssssssssssss) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Senior Finance Documents, including, without limitation, in relation to the trading of participations in respect of the Senior Finance Documents, such

Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Co-ordinator and the relevant Finance Party.

40.3 Entire Agreement

This Clause 40 constitutes the entire agreement between the parties to this Agreement in relation to the obligations of the Finance Parties under the Senior Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

40.4 Inside Information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation, including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

40.5 Notification of Disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Co-ordinator:

(ttttttttttt) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 40.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(uuuuuuuuuuuuuu) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 40.

40.6 Continuing Obligations

The obligations in this Clause 40 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

(vvvvvvvvvvvvvvvv) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(wwwwwwwwwwwwwwww) the date on which such Finance Party otherwise ceases to be a Finance Party, or, if later, 12 months after the end of the then-current Budget.

41. **COUNTERPARTS**
Each Senior Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the relevant Senior Finance Document.
42. **NEGOTIATED AGREEMENT**
For the purposes of the transparency rules set forth in the CICR Resolution of 4 March 2003 and by the *Disposizioni sulla trasparenza delle operazioni e dei servizi bancari e finanziari* issued by the Bank of Italy on 29 July 2009 and published in the Italian Official Gazette on 10 September 2009, the Parties hereby acknowledge and confirm that this Agreement (and each of the provisions hereof) has been specifically negotiated with the support of legal advisers on each side.
43. **GOVERNING LAW**
This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law, save where separately provided otherwise.
44. **ENFORCEMENT**
(xxxxxxxxxxxxxxxx) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a “**Dispute**”).
(yyyyyyyyyyyyyyyy) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no such Party will argue to the contrary.
(zzzzzzzzzzzzzzzz) This Clause 44 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.
45. **SERVICE OF PROCESS**
Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):
(aaaaaaaaaaaaaaaa) irrevocably appoints Finco as its agent for service of process in relation to any proceedings before the English courts in connection with any Senior Finance Document; and
(bbbbbbbbbbbbbbbb) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
46. **EXECUTIVE PROCEEDINGS**

(cccccccccccccc) Each Senior Finance Document and any amendments thereto, shall, at the discretion of the Facility Agent, be formalised in a Spanish Public Document, so that it may have the status of a notarial document of loan for all purposes contemplated in Articles 517 et seq. of the Spanish Civil Procedural Law and other related provision.

(ddddddddddddddd) Upon enforcement, the sum payable by any Spanish Obligor shall be the total aggregate amount of the balance of the accounts maintained by the Facility Agent (or the relevant Lender, as the case may be) pursuant to Clause 29 (*Calculations and Accounts*). For the purposes of Articles 571 et seq. of the Spanish Civil Procedural Law, the Finance Parties expressly agree that such balances shall be considered as due, liquid and payable and may be claimed pursuant to the same provisions of such law.

(eeeeeeeeeeeeeee) For the purpose of the provisions of Articles 571 et seq. of the Spanish Civil Procedural Law, the Parties agree that the amount of debt to be claimed through the executive proceedings shall be effected by the Facility Agent (or the relevant Lender, as the case may be) in a certificate evidencing the balance(s) shown in the relevant account(s) referred to in paragraph (b) above. For the Facility Agent or a Lender to exercise executive action, it must present: (i) an original notarial first or authentic copy of this Agreement; (ii) a notarial certificate, if required, for the purposes described in paragraph (d) below; and (iii) the notarial document (*acta notarial*) which:

- A. incorporates the certificate of amounts due by the Spanish Obligor issued by the Facility Agent (or the relevant Lender, as the case may be);
- B. sets out an excerpt of the credits and debits, including the interest applied, which appears in the relevant account(s) referred to in paragraph (b) above; and
- C. evidences that the amounts due and payable by the Spanish Obligor have been calculated in accordance with this Agreement and that such amounts match the balance of the accounts; and
- D. evidences that the Spanish Obligor has been served notice for the amount that is due and payable.

(fffffffffffffff) Paragraph (c) above shall also apply to any Lender in relation to its Commitment. Such Lender may issue the appropriate certification of the balances of the relevant account(s) referred to in paragraph (b) above and the certification of the balances of such accounts may be legalised by a notary.

(ggggggggggggggg) The amount of the balances determined in accordance with this Clause 46 shall be notified to the relevant Spanish Obligor in an attestable manner at least three days in advance of exercising any executive action.

(hhhhhhhhhhhhhhh) Each Spanish Obligor hereby authorises the Facility Agent (and each Lender, as appropriate) to request and obtain certificates and documents issued by the notary which notarises this Agreement in order to evidence its compliance with the entries of its registry-book and the relevant entry date for the purpose of number 4 of Article 517, of the Spanish Civil Procedural Law. The cost of such certificate and documents will be for the account of the relevant Spanish Obligor.

As witness the hands of the duly authorised representatives of the Parties hereto the day and year first before written.

Schedule 1
Lenders and their Commitments

This Schedule is subject to Clause 2.1 (*Grant of the Facility*).

To the extent that the maximum principal amount of the Euro Tranche or the Italian Tranche is reduced in accordance with Clause 2.1 (*Grant of the Facility*), the Total Commitment will be reduced accordingly and the Commitments of each of the Euro Tranche Lenders under the Euro Tranche, or the Italian Tranche Lenders under the Italian Tranche (as the case may be) will be reduced *pro rata*.

Lender	Euro Tranche (€)	Italian Tranche (€)	Treaty Passport Scheme Reference Number and jurisdiction of tax residence
Crédit Agricole Corporate and Investment Bank	350,000,000	None	5/C/0222082/DTTP-France
Crédit Agricole Corporate and Investment Bank, Milan Branch	None	180,000,000	
Total Commitment (subject to Clause 2.1 (<i>Grant of the Facility</i>))	350,000,000	180,000,000	

Schedule 2
Mandatory Cost Formulae

The Mandatory Cost Rate is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

On the first day of each Term (or as soon as possible thereafter) the Facility Agent shall calculate, as a percentage rate, a rate (the “**Additional Costs Rate**”) for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost Rate will be calculated by the Facility Agent as a weighted average of the Lenders’ Additional Costs Rates (weighted in proportion to the percentage participation of each Lender in the relevant Advance) and will be expressed as a percentage rate per annum.

The Additional Costs Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Facility Agent. This percentage will be certified by that Lender in its notice to the Facility Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender’s participation in all Advances made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of Advances made from that Facility Office.

The Additional Costs Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Facility Agent as follows:

(iiiiiiiiiiiiiiii) in relation to a Sterling Advance:

$$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)} \text{ per cent. per annum}$$

(jjjjjjjjjjjjjjjj) in relation to an Advance in any currency other than Sterling:

$$\frac{E \times 0.01}{300} \text{ per cent. per annum}$$

Where:

- A. is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.
- B. is the percentage rate of interest excluding the Margin and the Mandatory Cost Rate and, if the Advance is an Unpaid Sum, the additional rate of interest specified in paragraph (a) of Clause 22 (*Default Interest*) payable for the relevant Term on the Advance.
- C. is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.
- D. is the percentage rate per annum payable by the Bank of England to the Facility Agent on interest bearing Special Deposits.

E. is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Facility Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Facility Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

For the purposes of this Schedule 2:

(kkkkkkkkkkkkkkkkkkkk) “**Eligible Liabilities**” and “**Special Deposits**” have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

(llllllllllllllllllll) “**Fees Rules**” means the rules on periodic fees contained in the Financial Services Authority Fees Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

(mmmmmmmmmmmmmmmmmmmm) “**Fee Tariffs**” means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and

(nnnnnnnnnnnnnnnnnnnn) “**Tariff Base**” has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

If requested by the Facility Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Facility Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

Each Lender shall supply any information required by the Facility Agent for the purpose of calculating its Additional Costs Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:

(oooooooooooooooooooo) the jurisdiction of its Facility Office; and

(pppppppppppppppppppp) any other information that the Facility Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Facility Agent of any change to the information provided by it pursuant to this paragraph 8.

The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Facility Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Facility Agent to the contrary, each Lender’s obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.

The Facility Agent shall have no liability to any person if such determination results in an Additional Costs Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

The Facility Agent shall distribute the additional amounts received as a result of the Mandatory Cost Rate to the Lenders on the basis of the Additional Costs Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.

Any determination by the Facility Agent pursuant to this Schedule 2 in relation to a formula, the Mandatory Cost Rate, an Additional Costs Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all Parties.

The Facility Agent may from time to time, after consultation with the Co-ordinator and the Lenders, determine and notify to all Parties any amendments which are required to be made to this Schedule 2 in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all Parties.

Schedule 4
Borrower Accession Notice

To: Crédit Agricole Corporate and Investment Bank as Facility Agent under the Facility Agreement referred to below

From: [—]¹

Date: [—]

Dear Sirs

- (a) We refer to the Interim Fleet Financing Facility Agreement (as amended, restated and/or otherwise modified from time to time, the “**Facility Agreement**”) dated [•] 2011 and made between, among others, Avis Finance Company Limited as an Original Guarantor, the Original Borrowers, the other Original Guarantors, Crédit Agricole Corporate and Investment Bank as Facility Agent and Security Agent and the financial and other institutions named therein as Lenders. Terms defined in the Facility Agreement have the same meanings when used herein.
- (b) We hereby confirm that we have received a copy of the Facility Agreement and the other Senior Finance Documents and hereby undertake to be bound by the terms and conditions thereof insofar as such terms and conditions apply to a Borrower.
- (c) Our details for notices under the Facility Agreement are:

Notice

Address: [—]

Telephone Number: [—]

Facsimile Number: [—]

Attn: [—]

- (d) This Borrower Accession Notice and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

Yours faithfully

For and on behalf of

[—]

¹ Insert corporate name of the relevant Borrower.

Schedule 5
Form of Compliance Certificate

To: [Facility Agent]

Dear Sirs

Certificate dated [—] in respect of the period ended [—] (the “**Certification Date**”)

We refer to the Interim Fleet Financing Facility Agreement (as amended, restated and/or otherwise modified from time to time, the “**Facility Agreement**”) dated [—] 2011 (as from time to time amended, varied, novated or supplemented) made between, among others, Avis Finance Company Limited as an Original Guarantor, the Original Borrowers, the other Original Guarantors, Crédit Agricole Corporate and Investment Bank as Facility Agent and Security Agent and the financial and other institutions named therein as Lenders. Terms defined in the Facility Agreement shall have the same meanings in this compliance certificate (the “**Compliance Certificate**”).

This Compliance Certificate is provided in accordance with Clause 17.5 (*Compliance Certificates*) of the Facility Agreement.

We, [—] and [—], being directors of Avis Finance Company Limited as at the date of this Compliance Certificate, confirm that, to the best of our knowledge and belief, having made due and careful enquiry, no Default is continuing as at the Certification Date [other than [—]].

Signed:

Name: [—]

Title: [—]

Date: [—]

Signed:

Name: [—]

Title: [—]

Date: [—]

Schedule 6
Conditions Precedent

Part 1
Conditions Precedent to First Utilisation

Delivery to the Facility Agent of all of the following documents to be in form and substance satisfactory to the Mandated Lead Arranger (acting reasonably):

Formalities Certificate(s): (to the extent applicable in each Relevant Jurisdiction) a certificate from each Obligor and each Acceding Borrower entering into any Senior Finance Document in the form approved by the Facility Agent signed by a director, the secretary or any other authorised officer of such Obligor which shall have attached to it certified copies of the documents referred to in such certificate including the constitutional documents of such Obligor (including, in relation to a Spanish Obligor, a copy of an updated excerpt (*Nota simple Literal*) from the Commercial Registry (*Registro Mercantil*) relating to it) and in relation to an Italian Obligor, a copy of a certificate (*certificata di vigenza*) issued by the relevant Companies Register dated not earlier than 10 days prior to the first Utilisation Date, where locally applicable, the director's certificate and lien search relating to it and no bankruptcy certificate (or equivalent in the relevant jurisdiction) and shareholder, board and works council resolutions and/or other relevant internal resolution approving the execution, delivery and performance of such Senior Finance Document to which such Obligor is a party together with any power of attorney authorising the person or persons specified therein to sign the Senior Finance Documents to which such Obligor is a party.

Senior Finance Documents: originals of each of the following documents in the agreed form duly executed and delivered by all parties thereto:

- (qqqqqqqqqqqqqqqq) this Agreement;
- (rrrrrrrrrrrrrrrr) the Subordination Agreement;
- (ssssssssssssssss) the ABCR Subordination Agreement;
- (tttttttttttttttt) the Engagement Letter; and
- (uuuuuuuuuuuuuuuu) the Fee Letter referred to in the Engagement Letter.

Financial Information: delivery of certified copies in the agreed form of the Original Financial Statements.

Acquisition Completion: a certificate of an authorised officer of the Parent confirming that it indirectly owns through its subsidiary, AE Consolidation Limited (a company incorporated under the laws of England registered under number 7666089) 100 per cent. of the shares in Avis Europe accompanied by a certified copy of the relevant share registers evidencing such ownership.

Funds Flow Memorandum: a copy of the Funds Flow Memorandum detailing the payments to be made on or immediately before the first Utilisation Date including all fees and expenses payable under the Fee Letter.

Legal Opinions:

- (vvvvvvvvvvvvvvvv) a legal opinion of Linklaters LLP as to matters of English law on the legality, validity and enforceability of the Senior Finance Documents governed by English law to which an Obligor is a party and to the status, capacity and authorisation of each Obligor incorporated in the United Kingdom addressed to the Finance Parties substantially in the form distributed to the Mandated Lead Arranger prior to signing;
- (wwwwwwwwwwwwwwww) a legal opinion of Linklaters LLP as to matters of German law on the legality, validity and enforceability of the Senior Finance Documents governed by German law to which an Obligor is a party addressed to the Finance Parties substantially in the form distributed to the Mandated Lead Arranger prior to signing;
- (xxxxxxxxxxxxxxxxxx) a legal opinion of Clifford Chance LLP as to matters of German law relating to the status, capacity and authorisation of each Obligor incorporated in Germany in respect of its execution of the Senior Finance Documents to which it is a party addressed to the Finance Parties substantially in the form distributed to the Mandated Lead Arranger prior to signing;
- (yyyyyyyyyyyyyyyy) a legal opinion of Linklaters LLP as to matters of Italian law on the legality, validity and enforceability of the Senior Finance Documents governed by Italian law in respect of its execution of the Senior Finance Documents to which an Obligor is a party addressed to the Finance Parties substantially in the form distributed to the Mandated Lead Arranger prior to signing;
- (zzzzzzzzzzzzzzzz) a legal opinion of Clifford Chance LLP as to matters of Italian law relating to the status, capacity and authorisation of each Obligor incorporated in Italy in respect of its execution of the Senior Finance Documents and, where applicable, the SPV Operating Documents to which it is a party addressed to the Finance Parties substantially in the form distributed to the Mandated Lead Arranger prior to signing;
- (aaaaaaaaaaaaaaaa) a legal opinion of Linklaters LLP as to matters of Spanish law on the legality, validity and enforceability of the Senior Finance Documents governed by Spanish law in respect of its execution of the Senior Finance Documents to which an Obligor is a party addressed to the Finance Parties substantially in the form distributed to the Mandated Lead Arranger prior to signing;
- (bbbbbbbbbbbbbbbb) a legal opinion of Clifford Chance LLP as to matters of Spanish law relating to the status, capacity and authorisation of each Obligor incorporated in Spain in respect of its execution of the Senior Finance Documents and, where applicable, the SPV Operating Documents to which it is a party addressed to the Finance Parties substantially in the form distributed to the Mandated Lead Arranger prior to signing;
- (cccccccccccccccc) a legal opinion of Kirkland & Ellis LLP relating to the status, capacity and authorisation of the Parent in respect of its execution of this Agreement and non-conflict with the Parent RCF in respect of the Parent's obligations under Clause 23 (*Guarantee and Indemnity*) substantially in the form distributed to the Mandated Lead Arranger prior to signing;
- (dddddddddddddddd) legal opinions counsel to the Obligors or the Mandated Lead Arranger as to matters of the relevant jurisdiction of incorporation relating to the status, capacity and authorisation of each of the Intercompany Lenders and the Intercompany Borrowers (as each such term is defined in the Subordination Agreement) in respect of the Subordination Agreement; and

(eeeeeeeeeeeeeeee) a legal opinion of counsel to Avis or the Mandated Lead Arranger as to matters of the relevant jurisdiction relating to the status, capacity and authorisation of the Intercompany Lenders and the Intercompany Borrowers (as each such term is defined in the ABCR Subordination Agreement) in respect of the ABCR Subordination Agreement.

Fees: the Fee Letter in the agreed form duly executed and delivered by all parties thereto together with evidence satisfactory to the Facility Agent that upon drawdown of the first Advance all fees and expenses payable in accordance with such Fee Letter and the Senior Finance Documents have been paid.

“Know your Customer”: evidence satisfactory to the Facility Agent that each Lender has carried out and is satisfied with the results of all necessary “know your customer” or other similar checks under all applicable laws and regulations.

No Event of Default Certificate: a certificate from Avis Europe confirming that no Event of Default has occurred on or prior to the first Utilisation Date which remains unremedied or unwaived.

Security Documents: originals (in the agreed form duly executed and delivered by all parties thereto) of the Initial Security Documents.

Security Notices, Releases and Consents:

(ffffffffffffffff) The original notices of assignment or charge to be given under the Initial Security Documents duly signed on behalf of the relevant Obligor.

(gggggggggggggggg) Evidence that all Encumbrances in favour of third parties granted by the relevant Obligor have been released to the extent that such Encumbrances do not constitute permitted Encumbrances under this Agreement.

Antitrust Approvals: evidence that all antitrust regulatory clearances necessary for the Acquisition have been obtained.

Notarisation: the raising of this Agreement to the status of a Spanish Public Document within two weeks of the first Utilisation (failure to raise the status of the Facility Agreement within such period shall be an Event of Default).

Removal of Borrowing Restriction: a duly passed resolution of the shareholders of Avis Europe removing the restrictions contained in Article 89 of Avis Europe’s Articles of Association.

Part 2
Initial Security Documents

Germany

A security transfer of movable assets granted by German Opco.

An assignment of receivables (in relation to Vehicle Dealer Receivables and Vehicle Manufacturer Receivables) granted by German Opco.

Italy

An assignment of receivables (in relation to buy-back agreements and guarantees related to buy-back agreements) granted by Italian Opco.

An assignment of VAT Receivables granted by Italian Opco.

Spain

A pledge of receivables (in relation to buy-back agreements and guarantees related to such buy-back agreements and VAT Receivables) granted by Spanish Opco.

Finco

An assignment of receivables under the Finco On-Loans granted by Finco.

In each case, such Initial Security Documents to include such customary further assurance language as is agreed between the Facility Agent and the Co-ordinator. It is also agreed that the VAT Receivables may not be assigned (and, if not assigned, shall not form part of the Borrowing Base).

Schedule 7
Form of Notification
Part 1
Revolving Advances and Interest

Dated: [•]

From:

Crédit Agricole Corporate and Investment Bank,

as Facility Agent

T:

F:

To:

[Lender's Name]

[contact TBD]

Dear Sirs,

We refer to the Interim Fleet Financing Facility Agreement (as amended, restated and/or otherwise modified from time to time, the “**Facility Agreement**”) dated [—] and made between, among others, [—] as an Original Guarantor, the Original Borrowers, the other Original Guarantors, Crédit Agricole Corporate and Investment Bank as Facility Agent, and the financial institutions named therein as Lenders. Terms defined in the Facility Agreement shall have the same meaning in this notice.

This notice is irrevocable.

This notice is given to you pursuant to Clause 10.1 (*Advances*) of the Facility Agreement.

We hereby give you notice that, pursuant to Clause 4.1 (*Utilisation Conditions*) of the Facility Agreement [—] needs to make the following Revolving Advance per Tranche for the Settlement Date [—]:

Tranche:

**Amount of
Requested
Advance**
[—]

**Amount to
be repaid
for Revolving Advance**
[—]

**Lenders'
Proportion of
Net Drawing
Amount**
[—]

**[Lender]
requested Net
Drawing Amount**
[—]

[If the amount is in favour of Crédit Agricole Corporate and Investment Bank]: Please credit the general account opened by Crédit Agricole Corporate and Investment Bank Paris no later than [•], by wire to the following account number: [—]

[If the amount is in favour of Crédit Agricole Corporate and Investment Bank]: Please inform Crédit Agricole Corporate and Investment Bank of the payment of the requested Net Drawing Amount by sending us a fax, no later than [—].

[If the amount is in favour of the Lender]: We will pay you the amount of [—] no later than [—], by crediting your account: [—]

Note that the next Settlement Date will be [—].

In accordance with Clause 7 (*Payment and Calculation of Interest*) of the Facility Agreement the interest is as follows:

For the Revolving Advance:

Tranche	Revolving Advance Amount	Rate of interest	Number of days	Amount of interest
[—]	[—]	[—]	[—]	[—]

We will pay you the amount of [—] no later than [—], by crediting your account: [—].

For your information details of the total Revolving Advances are set out in Appendix 1.

The Asset Report for each relevant Borrower is attached.

Yours faithfully

Authorised signatory

for and on behalf of

Crédit Agricole Corporate and Investment Bank as Facility Agent

Appendix 1 to Part 1
Revolving Advances and Interest

Please find below for your information, pursuant to Clause 4.1 (*Utilisation Conditions*) of the Facility Agreement, the details of the total Revolving Advance for all Lenders:

Borrower	Tranche	Amount of Requested Advance	Amount to be repaid for Revolving Advance	Net Drawing Amount	Settlement Date	Repayment Date (next Settlement Date)
This should list each Borrower in respect of which Revolving Advances are being made:						
[—]	[—]	[—]	[—]	[—]	[—]	[—]
Total	[—]	[—]	[—]	[—]	[—]	[—]

Part 2
Swingline Advances

Dated: [—]

From:

Crédit Agricole Corporate and Investment Bank,
as Facility Agent

T:

F:

To:

[Lender's Name]

[contact TBD]

Dear Sirs,

We refer to the Interim Fleet Financing Facility Agreement (as amended, restated and/or otherwise modified from time to time, the “**Facility Agreement**”) dated [—] and made between, among others, [—] as an Original Guarantor, the Original Borrowers, the other Original Guarantors, Crédit Agricole Corporate and Investment Bank as Facility Agent, and the financial institutions named therein as Lenders. Terms defined in the Facility Agreement shall have the same meaning in this notice.

This notice is delivered to you pursuant to Clause 10.1 (*Advances*) of the Facility Agreement.

This notice is irrevocable.

We hereby give you notice that, pursuant to Clause 5.1 (*Utilisation Conditions*) of the Facility Agreement, [Name of Lender] is required to make the following Swingline Advance per Tranche for the Settlement Date [—]:

Tranche:

Amount of Requested Advance for the Swingline	[Lender] requested Advance	Utilisation Date	Repayment Date
[—]	[—]	[—]	[—]

[If the amount is in favour of Crédit Agricole Corporate and Investment Bank]: Please credit the general account opened by Crédit Agricole Corporate and Investment Bank Paris no later than [•], by wire to the following account number: [•]

[If the amount is in favour of Crédit Agricole Corporate and Investment Bank]: Please inform Crédit Agricole Corporate and Investment Bank of the payment of the requested Advance by sending us a fax, no later than [—].

Note that the next Settlement Date will be [—].

For your information details of the total Swingline Advances is attached in Appendix 1.

Yours faithfully

Authorised Signatory
for and on behalf of
Crédit Agricole Corporate and Investment Bank as Facility Agent

Appendix 1 to Part 2
Swingline Advances

Please find below for your information, pursuant to Clause 5.1 (*Utilisation Conditions*) of the Facility Agreement, the details of the total Swingline Advances for all Lenders:

Borrower	Tranche	Requested Swingline Amount	Borrowing Base (depending of the date hereof)	Revolving advances of the last Settlement Date	Swingline advances from the last Settlement Date	Net Drawing Amount	Utilisation Date	Repayment Date (next Settlement Date)
This should list each Borrower to which a Swingline Advance is being made.								
[—]	[—]	[—]	[—]	[—]	[—]	[—]	[—]	[—]

Schedule 9
Security Principles

Enforcement Events

Any security will be enforceable in the event that any sum in principal, interest or otherwise which is due and payable under this Agreement (subject to the provisions of the Subordination Agreement and the ABCR Subordination Agreement) remains unpaid at its due date after any applicable grace period or following an acceleration under this Agreement.

Blockage Provisions

In respect of any shares pledge:

To the extent permitted by applicable law, upon the occurrence of an Event of Default (as defined in this Agreement) which is continuing (and until such Event of Default has been remedied or waived) and which has been notified by the Security Agent to the Co-ordinator:

(hhhhhhhhhhhhhhhh) the dividends and any sum related to the pledged shares should no longer be available to the pledgor, and thereafter be payable to the Security Agent in accordance with the terms of the relevant security document to the extent permitted under applicable law; and

(iiiiiiiiiiiiiiii) any rights related to pledged shares (in particular voting rights but excluding any right of ownership of the shares) should be transferred to the secured creditors to the extent it is market practice and permitted under applicable law.

In respect of any pledge of bank accounts:

For pledged bank accounts opened in the name of a pledgor which is a SPV: to the extent permitted by applicable law, upon the occurrence of an Event of Default which is continuing (and until such Event of Default has been remedied or waived) and which has been notified to the Co-ordinator, the pledged bank account is to be blocked to the benefit of the Security Agent (i.e. neither payment, nor withdrawal from the pledged bank account can be made without the prior consent of the Security Agent) and upon enforcement of the security, the cash deposited on the bank account will be transferred to the Security Agent.

In respect of any assignment of receivables:

If pursuant to the receivables Assignment Agreement, the Security Agent is allowed to notify the assigned debtor to pay the receivables directly to him (instead of paying them to the assignor), such notification will be possible upon the occurrence of an Event of Default (as defined in this Agreement) which has been notified to the Co-ordinator.

Any further rights, which could be given to the assignees under the receivables Assignment Agreement, will be enforced upon the occurrence of an Event of Default which has been notified to the Co-ordinator.

SCHEDULE 4 security to be provided by Borrower SPVs

The following security shall be provided to the Security Agent to the satisfaction of the Facility Agent and the Security Agent in respect of each Borrower SPV:

- PART I** By way of third party security, a pledge or other equivalent available security interest over all the issued shares in each Borrower SPV;
- PART II** A pledge or other equivalent available security interest over each bank account of each Borrower SPV;
- PART III** Security over the Vehicle Fleet of each Borrower SPV to the extent permitted in the applicable jurisdiction;
- PART IV** A pledge or other equivalent available security interest over all Eligible Receivables owed to each Borrower SPV; and
- PART V** A floating charge or equivalent available security (if any) over all the assets of each Borrower SPV.

Schedule 10
Form of Transfer Certificate

To: [_____] as Facility Agent

From: [The Existing Lender] (the “Existing Lender”) and [The New Lender] (the “New Lender”)

Dated:

Avis Europe Interim Fleet Financing Facility Agreement
dated [_____] (the “Agreement”)

We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

We refer to Clause 30.5 (*Procedure for Transfer*):

(jjjjjjjjjjjjjjjj) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all or part of the Existing Lender’s Commitment, rights and obligations referred to in the Schedule in accordance with Clause 30.5 (*Procedure for Transfer*).

(kkkkkkkkkkkkkkkk) The proposed Transfer Date is [_____].

(llllllllllllllll) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 36.2 (*Addresses*) are set out in the Schedule.

The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 30.4 (*Limitation of Responsibility of Existing Lenders*).

The New Lender confirms, for the benefit of the Facility Agent and without liability to any Obligor, that it is:

(mmmmmmmmmmmmmmmm) [a United Kingdom Qualifying Lender falling within paragraph (i)(A) [or paragraph (ii)] of the definition of “United Kingdom Qualifying Lender”];

(nnnnnnnnnnnnnnnn) [an Italian Qualifying Lender;]

(oooooo) [a Spanish Qualifying Lender;]

(pppppppppppppppp) [a German Qualifying Lender;]

(qqqqqqqqqqqqqq) [a Treaty Lender²];

(rrrrrrrrrrrrrr) [not a Qualifying Lender].³

² UK/German/Italian and/or Spanish Treaty Lender.

³ Delete as applicable – each New Lender is required to confirm which of these categories it falls within.

[The New Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Senior Finance Document is either:

(ssssssssssssss) a company resident in the United Kingdom for United Kingdom tax purposes;

(tttttttttttttt) a partnership each member of which is:

- (i) a company so resident in the United Kingdom; or
- (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of Section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

(uuuuuuuuuuuuuuuu) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of Section 19 of the CTA) of that company.⁴

6 [The New Lender confirms (for the benefit of the Facility Agent and without liability to any Obligor) that it is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme (reference number []) and is tax resident in []⁵, so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and notifies Avis Europe that:

(vvvvvvvvvvvvvvvvvv) Finco must, to the extent that the New Lender becomes a Lender under a Facility which is made available to Finco pursuant to Clause 2 (*The Facility*), make an application to HM Revenue & Customs under form DTTP2 within 30 working days of the Transfer Date]⁶; and

(wwwwwwwwwwwwwwwwww) any Acceding Borrower incorporated in the United Kingdom which is a Party as an Acceding Borrower as at the Transfer Date must, to the extent that the New Lender is a Lender under a Facility made available to that Acceding Borrower pursuant to Clause 2 (*The Facility*), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 working days of the Transfer Date; and

(xxxxxxxxxxxxxxxxxxxx) each Acceding Borrower incorporated in the United Kingdom which becomes an Acceding Borrower after the Transfer Date shall, to the extent that that New Lender is a Lender under a Facility made available to that Acceding Borrower pursuant to Clause 2 (*The Facility*), file a duly completed form DTTP2 in respect of such new Lender with HM Revenue & Customs within 30 working days of becoming an Acceding Borrower.

[6/7] It is expressly agreed that the security created or evidenced by the Security Documents will be preserved for the benefit of the New Lender and each other Lender.

⁴ Include if New Lender comes within paragraph (i)(B) of the definition of “United Kingdom Qualifying Lender” in Clause 1.1 (*Definitions*)

⁵ Insert jurisdiction of tax residence.

⁶ This confirmation must be included if the New Lender holds a passport under the HMRC DT Treaty Passport scheme and wishes that scheme to apply to the Agreement.

- [7/8]** This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
- [8/9]** This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
- [9/10]** This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.
- Note:** **The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such share of the Existing Lender's Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.**

THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments.]

[Existing Lender]

[New Lender]

By:

By:

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [_____].

[Facility Agent]

By:

Schedule 11
Form of Assignment Agreement

To: [_____] as Agent and [_____] as Co-ordinator, for and on behalf of each Obligor
From: [the *Existing Lender*] (the “**Existing Lender**”) and [the *New Lender*] (the “**New Lender**”)
Dated:

Avis Europe Interim Fleet Financing Facility Agreement
dated [_____] (the “Agreement”)

We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.

We refer to Clause 30.6 (*Procedure for Assignment*):

(yyyyyyyyyyyyyyyyyy) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Senior Finance Documents which relate to that portion of the Existing Lender’s Commitments and participations in Loans under the Agreement as specified in the Schedule.

(zzzzzzzzzzzzzzzzzz) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitments and participations in Loans under the Agreement specified in the Schedule.

(aaaaaaaaaaaaaaaaaa) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.⁷

The proposed Transfer Date is [_____].

On the Transfer Date the New Lender becomes Party to the Senior Finance Documents as a Lender.

The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 36.2 (*Addresses*) are set out in the Schedule.

The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 30.4 (*Limitation of Responsibility of Existing Lenders*).

⁷ If the Assignment Agreement is used in place of a Transfer Certificate in order to avoid a novation of rights/obligations for reasons relevant to a civil jurisdiction, local law advice should be sought to check the suitability of the Assignment Agreement due to the assumption of obligations contained in paragraph 2(c). This issue should be addressed at primary documentation stage.

The New Lender confirms, for the benefit of the Facility Agent and without liability to any Obligor, that it is:

- (bbbbbbbbbbbbbbbb) [a United Kingdom Qualifying Lender falling within paragraph (i)(A) [or paragraph (ii)] of the definition of “United Kingdom Qualifying Lender”];
- (cccccccccccccccc) [an Italian Qualifying Lender;]
- (dddddddddddddddd) [a Spanish Qualifying Lender;]
- (eeeeeeeeeeeeeeee) [a German Qualifying Lender;]
- (ffffffffffffffff) [a Treaty Lender;⁸]
- (gggggggggggggggg) [not a Qualifying Lender].⁹

[The New Lender confirms that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Senior Finance Document is either:

- (hhhhhhhhhhhhhhhh) a company resident in the United Kingdom for United Kingdom tax purposes; or
- (iiiiiiiiiiiiiiii) a partnership each member of which is:
 - (i) a company so resident in the United Kingdom; or
 - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (jjjjjjjjjjjjjjjj) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.]¹⁰

[8/9] [The New Lender confirms for the benefit of the Facility Agent and without liability to any Obligor that it is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme (reference number []) and is tax resident in []¹¹, so that interest payable to it by borrowers is generally subject to full exemption from UK withholding tax and notifies Avis Europe that:

(kkkkkkkkkkkkkkkk) Finco must, to the extent that the New Lender becomes a Lender under a Facility which is made available to Finco pursuant to Clause 2 (*The Facility*), make an application to HM Revenue & Customs under form DTTP2 within 30 working days of the Transfer Date]¹²; and

⁸ UK/German/Italian and/or Spanish Treaty Lender.
⁹ Delete as applicable - each New Lender is required to confirm which of these four categories it falls within.
¹⁰ Include only if New Lender is a UK Non-Bank Lender - i.e. falls within paragraph (i)(B) of the definition of “Qualifying Lender” in Clause 13.1 (*Definitions*).
¹¹ Insert jurisdiction of tax residence.
¹² This confirmation must be included if the New Lender holds a passport under the HMRC DT Treaty Passport scheme and wishes that scheme to apply to the Agreement.

(llllllllllllllllllll) any Acceding Borrower incorporated in the United Kingdom which is a Party as an Acceding Borrower as at the Transfer Date must, to the extent that the New Lender is a Lender under a Facility made available to that Acceding Borrower pursuant to Clause 2 (*The Facility*), file a duly completed form DTTP2 in respect of such Lender with HM Revenue & Customs within 30 working days of the Transfer Date; and

(mmmmmmmmmmmmmmmmmmmm) each Acceding Borrower incorporated in the United Kingdom which becomes an Acceding Borrower after the Transfer Date shall, to the extent that that New Lender is a Lender under a Facility made available to that Acceding Borrower pursuant to Clause 2 (*The Facility*), file a duly completed form DTTP2 in respect of such new Lender with HM Revenue & Customs within 30 working days of becoming an Acceding Borrower.

- [8/9/10]** This Assignment Agreement acts as notice to the Facility Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 30.7 (*Copy of Transfer Certificate or Assignment Agreement to Co-ordinator*), to the Co-ordinator (on behalf of each Obligor) of the assignment referred to in this Assignment Agreement.
- [9/10]** It is expressly agreed that the security created or evidenced by the Security Documents will be preserved for the benefit of the New Lender and each other Lender.
- [10/11]** This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.
- [11/12]** This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
- [12/13]** This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

THE SCHEDULE

Rights to be assigned and obligations to be released and undertaken

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments]

[Existing Lender]

[New Lender]

By:

By:

This Assignment Agreement is accepted by the Facility Agent and the Transfer Date is confirmed as [_____].

Signature of this Assignment Agreement by the Facility Agent constitutes confirmation by the Facility Agent of receipt of notice of the assignment referred to herein, which notice the Facility Agent receives on behalf of each Finance Party.

[Agent]

By:

Schedule 12
Utilisation Request

From: [Relevant Borrower/Co-ordinator]
To: Crédit Agricole Corporate and Investment Bank, as Facility Agent
Dated: [—]

Dear Sirs,

We refer to the Interim Fleet Financing Facility Agreement dated [—] 2011 (as from time to time amended, varied, novated or supplemented, the “**Facility Agreement**”) whereby certain facilities were made available to, among others, Avis Finance Company Limited by a group of banks and other financial institutions listed in Schedule 1 (*Lenders and their Commitments*) to the Facility Agreement on whose behalf Crédit Agricole Corporate and Investment Bank acted as Facility Agent and Security Agent. Terms defined in the Facility Agreement shall have the same meaning in this notice.

This notice is irrevocable.

[We hereby give you notice that, pursuant to the Facility Agreement, we wish the Lenders to make a [Swingline Advance/Revolving Advance] [on the next Settlement Date]¹³ as follows:

- (a) Principal amount: [—]
- (b) Tranche: [Euro Tranche / Italian Tranche]
- (c) Utilisation Date: [—]

We confirm that:

- (nnnnnnnnnnnnnnnnnnnn) the Borrower is [Name];
- (oooooooooooooooooooo) [The proceeds of this Revolving Advance will be on-lent to [Spanish Opco / German Opco]]¹⁴;
- (pppppppppppppppppppp) the Borrower is organised in [—]; and
- (qqqqqqqqqqqqqqqqqqqq) all Repeating Representations will be true and correct on the proposed Utilisation Date.

The proceeds of this Revolving Advance should be credited to [insert account details]

[The Asset Report for the Borrower is attached.]¹⁵

¹³ Insert for Revolving Advances.
¹⁴ Insert if Finco is the Borrower.
¹⁵ Insert for Revolving Advances.

Yours faithfully

Authorised signatory
for and on behalf of
Co-ordinator

Schedule 13
Vehicle Manufacturer Group Table

It is understood that Avis Europe shall modify on a monthly basis the table below in relation to any update thereof which may be required pursuant to certain circumstances affecting the relevant Vehicle Manufacturer Group and will notify the Facility Agent of such modifications together with the Asset Report corresponding to such month.

A. “Vehicle Manufacturer Groups”

GM/Opel Group
Iveco Group
Fiat Group
Ford Group
Chrysler Group
Volkswagen Group
Renault Group
Nissan Group
Peugeot Group
Toyota Group
Daimler Group
Tata Group
BMW Group
Hyundai Group
Yamaha Group
Kia Group
Mitsubishi Group
Porsche Group
Honda Group
MAN Group
Rover Group
Suzuki Group
Mazda Group
Volvo Group
Land Rover Group

B. “Vehicle Manufacturer Group Head Entity”

GM/Opel Group: General Motors Company (a Delaware corporation, whose registered office is located at: 303 Renaissance Center, Detroit, Michigan, zip 48625-3000, United States of America. IRS Employer Identification number 27-0383222).

Iveco Group: Iveco S.p.A (a “*società per azioni*” incorporated under the laws of Italy with a share capital of 858,400,000 Euros whose registered office is located at: Via Puglia 35-10156 Torino, Italy. Registered with the registry of Trade and Companies of Torino under number: 01053960017).

Fiat Group: Fiat Group Automobili S.p.A (a “*società per azioni*” incorporated under the laws of Italy with a share capital of 2,500,000,000 Euros whose registered office is located at: Corso Giovanni Agnelli 200, Torino, Italy. Registered with the registry of Trade and Companies of Torino under number: 07973780013).

Ford Group: Ford Motor Company (a Delaware corporation since 1919, with a share capital of 3,326,248,800 common stocks, whose registered office is located at: One American Road, Dearborn, MI 48126, United States of America. IRS Employer Identification Number 38-0549190).

Chrysler Group: Chrysler Europe GmbH (a “*Gesellschaft mit beschränkter Haftung*” incorporated under the laws of Germany whose registered office is located at: Geb. Haussler, Vaihngerstrasse 131, Stuttgart, 70567, Germany. Registered with the registry of Stuttgart under number: HRB 723878).

Volkswagen Group: Volkswagen AG (an “*Aktiengesellschaft*” incorporated under the laws of Germany whose registered office is located at: D-38436 Postbox, 1379 Wolfsburg, Germany).

Renault Group: Renault SA (a “*société anonyme*” incorporated under the laws of France with a share capital of 1,085,610,418.58 Euros whose registered office is located at: 13/15 quai Alphonse Gallo 92100 Boulogne-Billancourt, France. Registered with the registry of Trade and Companies of Nanterre under number 441 639 465).

Nissan Group: Nissan Motors Co Ltd (incorporated under the laws of Japan whose registered office is located at: 1-1 Takashima 1-Chome, Nishi-Ku, Yokohama-shi, Kanagawa, 220-8686, Japan, established since 26 December 1933).

Peugeot Group (including Citroën): Automobiles Peugeot SA (a “*société anonyme*” incorporated under the laws of France with a share capital of 171,284,859 Euros whose registered office is located at: 75 avenue de la Grande Armée, 75116 Paris, France. Registered with the registry of Trade and Companies of Paris under number B 522144503).

Toyota Group: Toyota Motor Corporation (incorporated under the laws of Japan on 28 August 1937, whose registered office is located at: 1 Toyota-Cho, Toyota City, Aichi Prefecture 471-8571, Japan).

Daimler Group: Daimler AG (an “*Aktiengesellschaft*” incorporated under the laws of Germany whose registered office is located at: Mercedesstrasse 137, 70327 Stuttgart, Germany. Registered with the registry of Stuttgart under number: 19360).

Tata Group: Tata Motors Limited (a “*Limited*” company incorporated under the laws of India whose registered office is located at: Bombay House, 24 Homi Mody Street, Mumbai 400 001, India with Corporate Identity Number (CNI) L28920MH1945PLC004520).

BMW Group: Bayerische Motoren Werke AG, BMW AG (an “*Aktiengesellschaft*” incorporated under the laws of Germany whose registered office is located at: Petuelring 130, 80788 München, Germany, registered with the registry of München under number HRB 42243).

Hyundai Group: Hyundai Motor Company, Ltd (incorporated under the laws of South Korea whose registered office is located at: 231 Yangjae-Dong, Seocho-Gu, Seoul 137130, South Korea, established since 1944).

Yamaha Group: Yamaha Motor Company Limited (incorporated under the laws of Japan whose registered office is located at: 2500 Shingai, Iwata-shi, Shizuoka-ken, Japan, established since 1 July 1955).

Kia Group: Kia Motors Corporation (incorporated under the laws of South Korea whose registered office is located at: 231 Yangjae-Dong, Seocho-Gu, Seoul 137130, South Korea, established since 1944).

Mitsubishi Group: Mitsubishi Motors Corporation (incorporated under the laws of Japan whose registered office is located at: 33-8, Shilba 5-chome, Minato-ku, Tokyo, 108-8410 Japan, established since 22 April 1970).

Porsche Group: Porsche Automobil Holding SE (a “*Societas Europaea*” under the laws of Germany whose registered office is located at: Porscheplatz 1, 70435 Stuttgart, Germany, established since 1931).

Honda Group: Honda Motor Co., Ltd (incorporated under the laws of Japan whose registered office is located at: 1-1 2-chome, Minami-Aoyama, Minato-ku, Tokyo, 107-8556 Japan, established since 24 September 1948).

MAN Group: MAN SE (a “*Societas Europaea*” under the laws of Germany whose registered office is located at: Landsberger Strasse 110, 80339 München, Germany, established since 1758).

Rover Group: MG Motor UK Limited (a “*Private Limited Company*” under the laws of the United Kingdom whose registered office is located at: Q Gate, Lowhill Lane, Longbridge, Birmingham, United Kingdom established since 2007).

Suzuki Group: Suzuki Motor Corp. (incorporated under the laws of Japan whose registered office is located at: 300, Takatsuka-cho, Minami-ku, Hamamatsu City, 432-8611 Japan, established since 1909).

Mazda Group: Mazda Motor Corporation (incorporated under the laws of Japan whose registered office is located at: 3-1 Shinchii, Fuchu-Cho, Aki-Gun, 730-8670 Hiroshima, Japan, established since 30 January 1920).

Volvo Group: Geely Automobile Holdings Limited (incorporated under the laws of the Cayman Islands whose registered office is located at: P.O. Box 309, George Town, Cayman Islands, established since 1900).

Land Rover Group: Jaguar Land Rover Plc (a “*Public Limited Company*” under the laws of the United Kingdom whose registered office is located at: Banbury Road, Gaydon, Warwick, Warwickshire CV35 0RG, United Kingdom, company number 06477691).

C. “Vehicle Manufacturer Group Rating Entity”

Fiat Group: Fiat Group Automobiles S.p.A (a “*società per azioni*” incorporated under the laws of Italy with a share capital of 2,500,000,000 Euros whose registered office is located at: Corso Giovanni Agnelli 200, Torino, Italy. Registered with the registry of Trade and Companies of Torino under number: 07973780013).

Iveco Group: Fiat Industrial S.p.A (a “*società per azioni*” incorporated under the laws of Italy with a share capital of 1,913,298,892.50 Euros whose registered office is located at: Via Nizza 250, 10126, Torino, Italy. Registered with the registry of Trade and Companies of Torino under number: 10352520018).

Ford Group: Ford Motor Company (a Delaware corporation since 1919, with a share capital of 3,326,248,800 common stocks, whose registered office is located at: One American Road, Dearborn, MI 48126, United States of America. IRS Employer Identification Number 38-0549190).

Renault Group: Renault SA (a “*société anonyme*” incorporated under the laws of France with a share capital of 1,085,610,418.58 Euros whose registered office is located at: 13/15 quai Alphonse Gallo 92100 Boulogne-Billancourt (France). Registered with the registry of Trade and Companies of Nanterre under number 441 639 465.)

Peugeot Group (including Citroën): Automobiles Peugeot SA (a “*société anonyme*” incorporated under the laws of France with a share capital of 171,284,859 Euros whose registered office is located at: 75 avenue de la Grande Armée, 75116 Paris, France. Registered with the registry of Trade and Companies of Paris under number B 522144503).

Nissan Group: Nissan Motors Co Ltd (incorporated under the laws of Japan whose registered office is located at: 1-1 Takashima 1-Chome, Nishi-Ku, Yokohama-shi, Kanagawa, 220-8686 Japan, established since 26 December 1933).

Volkswagen Group: Volkswagen AG (an “*Aktiengesellschaft*” incorporated under the laws of Germany whose registered office is located at: D-38436 Postbox 1379 Wolfsburg, Germany).

Toyota Group: Toyota Motor Corporation (incorporated under the laws of Japan in 28 August 1937, whose registered office is located at: 1 Toyota-Cho, Toyota City, Aichi Prefecture 471-8571, Japan).

Daimler Group: Daimler AG (an “*Aktiengesellschaft*” incorporated under the laws of Germany whose registered office is located at: Mercedesstrasse 137, 70327 Stuttgart, Germany. Registered with the registry of Stuttgart under number: 19360).

BMW Group: Bayerische Motoren Werke AG, BMW AG (an “*Aktiengesellschaft*” incorporated under the laws of Germany whose registered office is located at: Petuelring 130, 80788 München, Germany, registered with the registry of München under number HRB 42243).

Tata Group: Tata Motors Limited (a “*Limited*” company incorporated under the laws of India whose registered office is located at: Bombay House, 24 Homi Mody Street, Mumbai 400,001, India with Corporate Identity Number (CNI) L28920MH1945PLC004520).

Hyundai Group: Hyundai Motor Company, Ltd (incorporated under the laws of South Korea whose registered office is located at: 231 Yangjae-Dong, Seocho-Gu, Seoul 137130, South Korea, established since 1944).

Yamaha Group: Yamaha Motor Company Limited (incorporated under the laws of Japan whose registered office is located at: 2500 Shingai, Iwata-shi, Shizuoka-ken, Japan, established since 1 July 1955).

Kia Group: Kia Motors Corporation (incorporated under the laws of South Korea whose registered office is located at: 231 Yangjae-Dong, Seocho-Gu, Seoul 137130, South Korea, established since 1944).

Mitsubishi Group: Mitsubishi Motors Corporation (incorporated under the laws of Japan whose registered office is located at: 33-8, Shilba 5-chome, Minato-ku, Tokyo, 108-8410 Japan, established since 22 April 1970).

Honda Group: Honda Motor Co., Ltd (incorporated under the laws of Japan whose registered office is located at: 1-1 2-chome, Minami-Aoyama, Minato-ku, Tokyo, 107-8556 Japan, established since 24 September 1948).

MAN Group: MAN SE (a “*Societas Europaea*” under the laws of Germany whose registered office is located at: Landsberger Strasse 110, 80339 München, Germany, established since 1758).

Mazda Group: Mazda Motor Corporation (incorporated under the laws of Japan whose registered office is located at: 3-1 Shinchii, Fuchuu-cho, Aki-gun, 730-8670 Hiroshima, Japan, established since 30 January 1920).

Volvo Group: Geely Automobile Holdings Limited (incorporated under the laws of the Cayman Islands whose registered office is located at: P.O. Box 309, George Town, Cayman Islands, established since 1900).

Land Rover Group: Jaguar Land Rover Plc (a “*Public Limited Company*” under the laws of the United Kingdom whose registered office is located at: Banbury Road, Gaydon, Warwick, Warwickshire CV35 0RG, United Kingdom, company number 06477691).

Schedule 14
Existing Security/Quasi-Security

None.

Schedule 15
Security Agency Provisions

Definitions

In this Schedule:

“**Security Property**” means all right, title and interest in, to and under any Security Document, including:

(TTTTTTTTTTTTTTTT) the Charged Assets;

(SSSSSSSSSSSSSSSS) the benefit of the undertakings in any Security Document; and

(TTTTTTTTTTTTTTTT) all sums received or recovered by the Security Agent pursuant to any Security Document and any assets representing the same.

SCHEDULE 5 Declaration of Trust

The Security Agent and each other Finance Party agree that the Security Agent shall hold the Security Property in trust for the benefit of the Finance Parties on the terms of the Senior Finance Documents.

SCHEDULE 6 Defects in Security

The Security Agent shall not be liable for any failure or omission to perfect, or defect in perfecting, the Security created pursuant to any Security Document, including:

(UUUUUUUUUUUUUUUUUU) failure to obtain any Authorisation for the execution, validity, enforceability or admissibility in evidence of any Security Document; or

(VVVVVVVVVVVVVVVVVV) failure to effect or procure registration of or otherwise protect or perfect any of the Security created by the Security Documents under any laws in any territory.

SCHEDULE 7 No Enquiry

The Security Agent may accept without enquiry, requisition, objection or investigation such title as any Obligor may have to any Charged Assets.

SCHEDULE 8 Retention of Documents

The Security Agent may hold title deeds and other documents relating to any of the Charged Assets in such manner as it sees fit (including allowing any Obligor to retain them).

SCHEDULE 9 Indemnity out of Security Property

The Security Agent and every receiver, delegate, attorney, agent or other similar person appointed under any Security Document may indemnify itself out of the Security Property against any cost, loss or liability incurred by it in that capacity (otherwise than by reason of its own gross negligence or wilful misconduct).

SCHEDULE 10 Basis of Distribution

To enable it to make any distribution, the Security Agent may fix a date as at which the amount of the sums due or owing to any Finance Party is to be calculated and may require, and rely on, a certificate from any Finance Party giving details of:

(wwwwwwwwwwwwwwwwwwww) any sums due or owing to any Finance Party as at that date; and

(xxxxxxxxxxxxxxxxxxxx) such other matters as it thinks fit.

SCHEDULE 11 Rights of Security Agent

The Security Agent shall have all the rights, privileges and immunities which gratuitous trustees have or may have in England, even though it is entitled to remuneration.

SCHEDULE 12 No duty to collect payments

The Security Agent shall not have any duty:

(yyyyyyyyyyyyyyyyyy) to ensure that any payment or other financial benefit in respect of any of the Charged Assets is duly and punctually paid, received or collected; or

(zzzzzzzzzzzzzzzzzz) to ensure the taking up of any (or any offer of any) stocks, shares, rights, moneys or other property accruing or offered at any time by way of interest, dividend, redemption, bonus, rights, preference, option, warrant or otherwise in respect of any of the Charged Assets.

SCHEDULE 13 Appropriation

(aaaaaaaaaaaaaaaa) Each Party irrevocably waives any right to appropriate any payment to, or other sum received, recovered or held by, the Security Agent in or towards payment of any particular part of the liabilities and agrees that the Security Agent shall have the exclusive right to do so.

(bbbbbbbbbbbbbbbbbb) Paragraph (a) above will override any application made or purported to be made by any other person.

SCHEDULE 14 Investments

All money received or held by the Security Agent pursuant to the trusts in the Senior Finance Documents may, in the name of, or under the control of, the Security Agent:

(cccccccccccccccc) be invested in any investment it may select; or

(dddddddddddddddddd) be deposited at such bank or institution (including itself any other Finance Party or any Affiliate of any Finance Party) as it thinks fit.

SCHEDULE 15 Suspense account

Subject to paragraph 13 below the Security Agent may:

(eeeeeeeeeeeeeeee) hold in an interest bearing suspense account any money received by it from any Obligor; and

(ffffffffffffffffffff) invest an amount equal to the balance from time to time standing to the credit of that suspense account in any of the investments authorised by paragraph 11 above.

SCHEDULE 16 Timing of Distributions

Distributions by the Security Agent shall be made as and when determined by it.

SCHEDULE 17 Delegation

(gggggggggggggggggggg) The Security Agent may:

- (i) employ and pay an agent selected by it to transact or conduct any business and to do all acts required to be done by it (including the receipt and payment of money);
- (ii) delegate to any person on any terms (including power to sub-delegate) all or any of its functions; and
- (iii) with the prior consent of the Majority Lenders, appoint, on such terms as it may determine, or remove, any person to act either as separate or joint security trustee or agent with those rights and obligations vested in the Security Agent by this Agreement or any Security Document.

(hhhhhhhhhhhhhhhhhhhh) The Security Agent will not be:

- (i) responsible to anyone for any misconduct or omission by any agent, delegate or security trustee or agent appointed by it pursuant to paragraph (a) above; or
- (ii) bound to supervise the proceedings or acts of any such agent, delegate or security trustee or agent, provided that it exercises reasonable care in selecting that agent, delegate or security trustee or agent.

SCHEDULE 18 Unwinding

Any appropriation or distribution which later transpires to have been or is agreed by the Security Agent to have been invalid or which has to be refunded shall be refunded and shall be deemed never to have been made.

SCHEDULE 19 Lenders

The Security Agent shall be entitled to assume that each Lender is a Lender unless notified by the Facility Agent to the contrary.

The Parent
AVIS BUDGET CAR RENTAL, LLC

By:
Address: 6 Sylvan Way, Parsippany, New Jersey 07054
Fax: +1 (973) 496-5080
Attention: Chief Financial Officer David B. Wyshner

Avis Europe
AVIS BUDGET EMEA LIMITED

By:
Address: Avis House, Park Road, Bracknell, Berkshire
RG12 2EW
Fax: +44 (0) 1344 417181
Attention: Group Finance Director Martyn Smith

Italian Opco
AVIS AUTONOLEGGIO SPA

By:
Address: Roma via Tiburtina 1231, Italy
Fax: +39 06419945467
Attention: Finance Director Mark Kightley

German Opco
AVIS AUTOVERMIETUNG GMBH & CO KG

By:
Address: Zimmersmühlenweg 21, 61440 Oberursel,
Germany
Fax: +49 6171 68-1330
Attention: Managing Director Frank Caspar Lüders

Spanish Opco
AVIS ALQUILE UN COCHE S.A.

By:
Address:
Fax:
Attention:

Finco
AVIS FINANCE COMPANY LIMITED

By:
Address: Avis House, Park Road, Bracknell, Berkshire
RG12 2EW
Fax: +44 (0) 1344 417181
Attention: Director Stuart Fillingham

The Mandated Lead Arranger
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT
BANK

By:
Address: 9 quai du Président Paul Doumer, 92920 Paris La
Défense Cedex
Fax: +33 (0) 1 51 87 17 58
Attention: Funding Agent - Management Team CACIB Paris:
Elody Roudet/Carole D'Haeyere/Abibatou Diallo

The Facility Agent
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT
BANK

By:
Address: 9 quai du Président Paul Doumer, 92920 Paris La
Défense Cedex
Fax: +33 (0) 1 51 87 17 58
Attention: Funding Agent - Management Team CACIB Paris:
Elody Roudet/Carole D'Haeyere/Abibatou Diallo

The Security Agent
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT
BANK

By:
Address: 9 quai du Président Paul Doumer, 92920 Paris La
Défense Cedex
Fax: +33 (0) 1 51 87 17 58
Attention: Funding Agent - Management Team CACIB Paris:
Elody Roudet/Carole D'Haeyere/Abibatou Diallo

The Original Lenders
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT
BANK

By:
Address: 9 quai du Président Paul Doumer, 92920 Paris La
Défense Cedex
Fax: +33 (0) 1 51 87 17 58
Attention: Funding Agent - Management Team CACIB Paris:
Elody Roudet/Carole D'Haeyere/Abibatou Diallo

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT
BANK, MILAN BRANCH

By:
Address: Via Brera, 21, 20121 Milano
Fax: +39 02 72303 317
Attention: Funding Agent – Management Team CACIB
Milan: Massimo Perversi

SIGNATURES

The Co-ordinator

AVIS FINANCE COMPANY LIMITED

By: /s/ Stuart Fillingham, Director

The Facility Agent and Security Agent

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By: /s/ Ladislav Gallant, Attorney

The Mandated Lead Arranger

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By: /s/ Ladislav Gallant, Attorney

The Lenders

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By: /s/ Ladislav Gallant, Attorney

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, MILAN BRANCH

By: /s/ Ladislav Gallant, Attorney

Avis Budget Group, Inc.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in millions)

	Year Ended December 31,				
	2011	2010	2009	2008	2007
Earnings available to cover fixed charges:					
Income (loss) from continuing operations before income taxes	\$ 36	\$ 72	\$ (77)	\$ (1,343)	\$ (992)
Plus: Fixed charges	576	510	408	464	556
Earnings available to cover fixed charges	<u>\$ 612</u>	<u>\$ 582</u>	<u>\$ 331</u>	<u>\$ (879)</u>	<u>\$ (436)</u>
Fixed charges ^(a):					
Interest, including amortization of deferred financing costs	\$ 506	\$ 445	\$ 343	\$ 402	\$ 497
Interest portion of rental payment	70	65	65	62	59
Total fixed charges	<u>\$ 576</u>	<u>\$ 510</u>	<u>\$ 408</u>	<u>\$ 464</u>	<u>\$ 556</u>
Ratio of earnings to fixed charges ^(b)	<u>1.06x</u>	<u>1.14x</u>	<u>—</u>	<u>—</u>	<u>—</u>

^(a) Consists of interest expense on all indebtedness (including amortization of deferred financing costs) and the portion of operating lease rental expense that is representative of the interest factor. Does not include early extinguishment of debt expense of \$52 million in 2010. Interest expense on all indebtedness is detailed as follows:

	Year Ended December 31,				
	2011	2010	2009	2008	2007
Related to debt under vehicle programs	\$279	\$215	\$186	\$ 266	\$356
All other	227	230	157	136	141
	<u>\$506</u>	<u>\$445</u>	<u>\$343</u>	<u>\$ 402</u>	<u>\$497</u>

^(b) Earnings were not sufficient to cover fixed charges in 2009, 2008 and 2007 by \$77 million, \$1,343 million and \$992 million, respectively.

* * *

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation</u>
2233516 Ontario, Inc.	Canada
AB Canada Holdings I Limited Partnership	Canada
AB Canada Holdings II Partnership	Canada
AB Canada Holdings III Limited Partnership	Canada
AB Car Rental Services Inc.	Delaware
AB Funding Pty Ltd.	Australia
AB Luxembourg Holdings, S.á r.l.	Luxembourg
ABG Car Services Holdings LLC	Delaware
Advance Ross Corporation	Delaware
Advance Ross Intermediate Corporation	Delaware
Advance Ross Sub Company	Delaware
AE Consolidation Limited	England and Wales
AE Holdco Limited	England and Wales
Aegis Motor Insurance Limited	Isle of Man
AESOP Leasing Corp.	Delaware
AESOP Leasing LP	Delaware
ARAC Management Services Inc.	Delaware
ARACS LLC	Delaware
Arbitra S.A.	Argentina
Asia Business Rentals Pte Ltd	Singapore
Auto Accident Consultants Pty. Limited	Australia
Auto-Hall S.A.	France – Monaco
Avis Africa Limited	England and Wales
Avis Alquile un Coche S.A.	Spain
Avis Asia and Pacific LLC	Delaware
Avis Asia Limited	England and Wales
Avis Assistance Limited	England and Wales
Avis Auto Service GmbH	Germany
Avis Autonoleggio S.p.A.	Italy
Avis Autonoleggio SpA Fleet Co S.A.P.A.	Italy
Avis Autoverhuur B.V.	The Netherlands
Avis Autovermietung AG	Switzerland
Avis Autovermietung Beteiligungs GmbH	Germany
Avis Autovermietung GmbH & Co KG	Germany
Avis Autovermietung Verwaltungs GmbH	Germany
Avis Autovermietung GesbmH	Austria
Avis Belgium SA	Belgium
Avis Budget Car Rental LLC	Delaware
Avis Budget Car Rental Canada ULC	Nova Scotia
Avis Budget Contact Centers Inc.	Canada
Avis Budget de Puerto Rico, Inc.	Puerto Rico
Avis Budget EMEA Limited	England and Wales
Avis Budget Finance Inc.	Delaware
Avis Budget Group Business Support Centre Kft	Hungary
Avis Budget Group Pty Limited	Australia

Avis Budget Holdings LLC	Delaware
Avis Budget International Financing, S.á r.l.	Luxembourg
Avis Budget Rental Car Funding (AESOP) LLC	Delaware
Avis Budget Group Limited	New Zealand
Avis Car Rental Group LLC	Delaware
Avis Caribbean, Limited	Delaware
Avis Commercial Holdings Limited	England and Wales
Avis Contact Centres Limited	England and Wales
Avis Contact Centres S.A.	Spain
Avis Delaware Business Trust	Delaware
Avis Europe & Middle East Limited	England and Wales
Avis Europe Group Holdings BV	The Netherlands
Avis Europe Holdings Limited	England and Wales
Avis Europe International Reinsurance Limited	Isle of Man
Avis Europe Investment Holdings Limited	England and Wales
Avis Europe Investments Limited	England and Wales
Avis Europe Overseas Limited	England and Wales
Avis Europe Risk Management Limited	England and Wales
Avis Finance Company (No. 2) Limited	England and Wales
Avis Finance Company (No. 3) Limited	Jersey
Avis Finance Company Limited	England and Wales
Avis Financement Vehicles SAS	France
Avis Financial Services Limited	England and Wales
Avis Group Holdings LLC	Delaware
Avis Holdings, Inc	Delaware
Avis India Investments Private Limited	India
Avis International Ltd.	Delaware
Avis International Holdings, LLC	Delaware
Avis Investment Services (No. 2)	England and Wales
Avis Investment Services Limited	England and Wales
Avis IP Security Limited	England and Wales
Avis Leasing Corporation	Delaware
Avis Leisure Services Limited	Jersey
Avis Licence Holdings Limited	England and Wales
Avis Location de Voitures Sarl	Luxembourg
Avis Location de Voitures SAS	France
Avis Lube Inc.	Delaware
Avis Management Pty. Limited	Australia
Avis Budget Services Limited	England and Wales
Avis Management Services, Ltd.	Delaware
Avis New York General Partnership	New York
Avis Operations LLC	Delaware
Avis Pension Trustees Limited	England and Wales
Avis Portugal S.G.P.S. LDA	Portugal
Avis Profit Share Trustees Limited	England and Wales
Avis Rent A Car (Isle Of Man) Limited	Isle of Man
Avis Rent A Car Limited	England and Wales

Avis Rent A Car Limited	New Zealand
Avis Rent A Car Sdn. Bhd.	Malaysia
Avis Rent A Car System LLC	Delaware
Avis Service Inc.	Delaware
Avis (US) Holdings BV	The Netherlands
Aviscar Inc.	Canada
Avis Truck Leasing Limited	England and Wales
B2B Leasing BV	The Netherlands
Baker Car and Truck Rental Inc.	Arkansas
Barcelsure Limited	England and Wales
Bell'Aria S.p.A	Italy
BGI Leasing Inc.	Delaware
Budget Funding Corporation	Delaware
Budget International, Inc.	Delaware
Budget Locacao de Veiculos Ltda.	Brazil
Budget Rent A Car Australia Pty. Ltd.	Australia
Budget Rent A Car Limited	New Zealand
Budget Rent a Car Operations Pty. Ltd.	Australia
Budget Rent A Car System Inc.	Delaware
Budget Rent A Car Licensor, LLC	Delaware
Budget Truck Rental LLC	Delaware
Budgetcar Inc.	Canada
Business Rent A Car GmbH	Austria
Camfox Pty. Ltd.	Australia
Caraway Travel sarl	France
CCRG Servicos De Automoveis Ltda	Brazil
CD Intellectual Property Holdings, LLC	Delaware
C.D. Bramall (Bingley) Limited	England and Wales
Cellrent Limited	England and Wales
Cendant Finance Holding Company LLC	Delaware
Centre Point Funding, LLC	Delaware
Centrus Limited	England and Wales
Chaconne Pty. Limited	Australia
Cilva Holdings Limited	England and Wales
Cirrus Capital (Jersey) One Limited	Jersey
Cirrus Capital (Jersey) Two Limited	Jersey
Constellation Reinsurance Company Limited	Barbados
Ecovale	England and Wales
Europe Leisure Holdings NV	The Netherlands
Garage St Martin sas	France
Garep AG	Switzerland
HFS Truck Funding Corporation	Delaware
Manor National Limited	England and Wales
Milton Location de Voitures SAS	France
Motorent Inc.	Tennessee
National Car Rentals (Private) Limited	Singapore

Pathfinder Insurance Company	Colorado
Pause BV	The Netherlands
Payhot Limited	England and Wales
PF Claims Management Ltd.	Delaware
PR Holdco, Inc.	Delaware
PV Holding Corp.	Delaware
PVI Kraftfahrzeug- Leasing GmbH	Germany
Quartx Fleet Management Inc.	Delaware
Rent-A-Car Company, Incorporated	Virginia
Runabout, LLC	Delaware
Safeguard (Legal Expenses) Limited	England and Wales
SCA sas	France
Servicios Avis S.A.	Mexico
Sceptre-Europe Limited	England and Wales
Show Group Enterprises Pty Limited	Australia
Societe de Developpement et de Location Avis	France
Sovial Sociedade de Viaturas de Aluguer LDA	Portugal
Strongdraw Limited	England and Wales
Team Fleet Financing Corporation	Delaware
Uppertexta Limited	England and Wales
Uppertexta (No. 2) Limited	England and Wales
Virgin Islands Enterprises Inc.	Virgin Islands
W.T.H. Fleet Leasing Pty. Limited	Australia
W.T.H. PTY. Limited	Australia
We Try Harder Pty. Limited	Australia
Wizard Co. Inc.	Delaware
Wizard Services Inc.	Delaware
WTH Canada Inc.	Canada
WTH Car Rental, ULC	Canada
WTH Funding Limited Partnership	Canada
Yourway Rent A Car Limited	New Zealand
Yourway Rent A Car Pty Limited	Australia
Zodiac Autovermietung AG	Austria
Zodiac Europe Finance Company Limited	England and Wales
Zodiac Europe Investments Limited	England and Wales
Zodiac Europe Limited	England and Wales
Zodiac Italia S.p.A.	Italy
Zodiac Rent a Car Limited	England and Wales

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-11035, 333-17323, 333-17411, 333-20391, 333-23063, 333-26927, 333-35707, 333-45155, 333-45227, 333-49405, 333-78447, 333-51586, 333-59246, 333-65578, 333-65456, 333-65858, 333-83334, 333-84626, 333-86674, 333-87464, 333-35709, and 333-86469 on Form S-3 and Registration Statement Nos. 33-74066, 33-91658, 333-00475, 333-03237, 33-58896, 33-91656, 333-03241, 33-26875, 33-75682, 33-93322, 33-93372, 33-80834, 333-09633, 333-09637, 333-30649, 333-42503, 333-34517-2, 333-42549, 333-45183, 333-47537, 333-69505, 333-75303, 333-78475, 333-51544, 333-38638, 333-64738, 333-71250, 333-58670, 333-89686, 333-98933, 333-102059, 333-22003, 333-114744, 333-120557, 333-124925, 333-144143 and 333-161418 on Form S-8 of our reports dated February 29, 2012 relating to the consolidated financial statements and financial statement schedule of Avis Budget Group, Inc. (formerly Cendant Corporation) and the effectiveness of Avis Budget Group, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K of Avis Budget Group, Inc. for the year ended December 31, 2011.

/s/ DELOITTE & TOUCHE LLP

New York, New York

February 29, 2012

CERTIFICATIONS

I, Ronald L. Nelson, certify that:

1. I have reviewed this annual report on Form 10-K of Avis Budget Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2012

/s/ Ronald L. Nelson
Chief Executive Officer

I, David B. Wyshner, certify that:

1. I have reviewed this annual report on Form 10-K of Avis Budget Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 29, 2012

/s/ David B. Wyshner

Senior Executive Vice President and
Chief Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Avis Budget Group, Inc. (the "Company") on Form 10-K for the period ended December 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Ronald L. Nelson, as Chief Executive Officer of the Company, and David B. Wyshner, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

/s/ RONALD L. NELSON

Ronald L. Nelson
Chief Executive Officer
February 29, 2012

/s/ DAVID B. WYSHNER

David B. Wyshner
Senior Executive Vice President and Chief Financial Officer
February 29, 2012